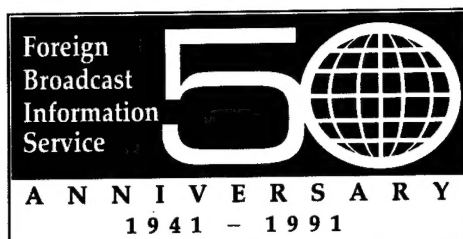
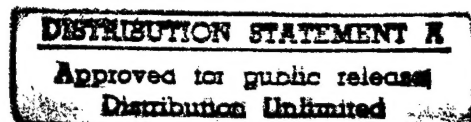


JPRS-EER-91-127  
22 AUGUST 1991



# ***JPRS Report***



## **East Europe**

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# East Europe

JPRS-EER-91-127

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### Federal Parliament Seen as Barely Functional

91CH0735A Prague RESPEKT in Czech No 28,  
15-21 Jul 91 p 3

[Article by Istvan Leko: "The beginning of the End of Parliament—Who Is Actually Supporting the Government?"]

[Text] On Friday, when the delegates of the Federal Assembly found out from reporters that the Slovak National Council had partially abolished the stoppage clause in the Federal Law on Land, several Czech legislators declared that this was the beginning of the end of parliament. Then, when one of them immediately added that the Czech National Council is preparing to do the same, one of the delegates commented angrily: "Our work here is useless. I'm not coming here any more."

### Two Sets of Laws in One Country

The so-called stoppage clause is to stay in force until the transformation law on agricultural enterprises has been passed. The approved change will make it possible to manipulate the assets of the cooperatives in the easternmost portion of our Republic; but not to the west of the Slovak border. This means that we have two laws in one republic. So this is how the jurisdictions operate: however, the delegates of the FS [National Assembly] do not have the authority to change laws passed in the republican councils.

"I warned that this might happen a long time ago. Different rules of management are beginning to appear in the Czech lands and in Slovakia, and this is what will lead to the disintegration of the state," says Jiri Pospisil (ODS [Civic Democratic Party]).

There is something rotten in the Federal Assembly. In the lobby in front of the council chamber, where many people meet, one of the delegates greets a colleague from afar: "Ciao, StB-cop!" "Vlado Meciar" has been scratched several times into the expensive covering of a leather armchair. Instead of voting on the constitutional law, the delegates sit in a restaurant and ignore the voice of the speaker who desperately threatens them: "I'll tell the public about your behavior." The delegate for the VPN [Public Against Violence], who does not want to be named, said that after the law on a referendum and transformation of the cooperatives had been passed, the parliament should not meet any more.

### No Confidence in the Government

Several reasons led to this crisis. During the last few days, for example, three governmental proposals were not approved, and a fourth only passed on the second vote. On the other hand, laws (e.g., the law on churches and the law on the CTK [Czechoslovak Press Agency]), which were prepared haphazardly were passed. If there were a Constitutional Court, it would probably say that they violated the constitution. However, we have no such institution at this time: because there has been no

success in installing an appropriate lady candidate as a constitutional judge. No party dares to put forward its candidates, because the other party will reject them. Even if a Constitutional Court were established, it probably would not function too well. After all, the vast majority of law professors belong to the communist party or, at the very least, are Leftist oriented. Apart from a Constitutional Court, there is no power that could rescind the SNR's decision, which, according to some delegates, is the first swallow announcing the true disintegration of the federation. The fact that three governmental proposals were not passed testifies to the weakness of the governmental coalition. In developed democratic countries a similar case would immediately mean a vote of no confidence in the government.

### Anyone Has the Right of Stoppage

The Federal Assembly works ponderously and slowly. Before debating any law, the delegates first need to have five positions: from the federal government, unless it submits the proposal, from the Czech and Slovak governments, and from the Czech and Slovak National Councils. Only then can they proceed.

Due to the disintegration of various parties and movements, the parliamentary structure has become totally confused. This has given proponents of extreme opinions the chance they desire. Sixteen independent parliamentary factions represents a European record. In those cases where the Left wing and Right wing do agree, "second class" opposition comes into play. It seems that some Slovak representatives are determined to block all constitutional laws. This is not difficult for them to do, as the delegates, especially from Meciar's HZDS [Movement for Democratic Slovakia], do not attend the debates very often. As a result, there are frequently only 45 delegates in the Slovak part of the Parliament of Nations—and at least 45 delegates must give their approval for a constitutional law to pass. Thirty-eight votes are needed to pass routine laws, but at the present time, the government coalition often cannot get even that many.

Every problem in parliament can be solved by means of a debate, assuming rational arguments are used. The moment the irrational element of nationalism enters the debate, all attempts at agreement become useless. Miroslav Macek (ODS) called this the "what's in it for me" phenomenon. Every problem that passes through the Federal Assembly is examined from the aspect of "advantages" for Slovakia or for the Czech countries.

As long as the constructive opposition parties (KDU [Christian and Democratic Union], LDS [People's Democratic Party], HSD-SMS I [Movement for Autonomous Democracy-Society for Moravia and Silesia], and Souziti-MKDH [Coexistence—Hungarian Christian Democratic Movement]) support governmental proposals,

there should be no complications. But the support of these delegates apparently will not be enough in respect to constitutional laws.

However, the attitude of the governmental coalition is interesting. When the law on bankruptcy did not pass on the first vote, Milan Sutovec (VPN) stated that the reason was the negative attitude of the opposition. This comment caused astonishment in parliament: after all, the opposition acted exactly as it should. The VPN delegates later admitted that the reason for the lack of success during the first vote on bankruptcy was the nonparticipation of some of the members of their club.

Almost all the delegates are skeptical as far as the new constitution is concerned. The old constitution, considered to be "modern" by the past regime, has been valid up till now (although it has been said that the translation was somewhat incomplete due to some linguistically difficult Russian verbs). However, delegates who witnessed arguments about a dash, as well as the Slovak delegates' arguments in the coopted parliament, cannot imagine how a parliament with the present make-up could pass a constitution that would be of high quality and would be acceptable to both sides. According to the ODS, a two-member federation based on nationalist principles is absolutely impossible.

### **Battek Discusses Social Democrats**

91CH0806A Prague LIDOVE NOVINY in Czech  
31 Jul 91 p 6

[Interview with Rudolf Battek, chairman of the Association of Social Democrats, by Drahuse Probstova; place and date not given: "Why Two Social Democratic Parties?"]

[Text] [Probstova] At the end of May, the Association of Social Democrats [ASD] came into being in the Czech Republic. Much has already been written regarding its disputes with the Czechoslovak Social Democratic Party. Is it really necessary to fragment the unity of the social democratic movement? Are the mutual disputes truly insurmountable? With these questions, we turned to Rudolf Battek, chairman of the ASD.

[Battek] Our association arose from a group which actually already existed prior to November 1989 within the framework of the Civil Liberties Movement [HOS], whose manifesto, entitled "Democracy for All" was published in the fall of 1988. It was precisely within the HOS that all those who were the founders of the independent Socialist Party in 1978—on the occasion of the 100th anniversary of the birth of the Czechoslovak Democratic Worker Party—were active. After the November revolution, we were aware that this was not the time for narrow party orientation. We were not opposed to establishing the Social Democratic Party, but we wanted this step to be taken in close collaboration with the broad democratic tendency of Civic Forum. In this regard, we could not come to an agreement with people who were already preparing to revive social

democratic parties at that time. An absolutely fundamental dispute was based on the fact that the Communist Party was attempting to dominate the social democracy with its people. It was striving to establish contact with the Social Democrats even prior to November. It was actually successful, to a considerable extent, in isolating the nascent CSSD [Czechoslovak Social Democratic Party] from Civic Forum. The difference was in the relationship with the government coalition. Basically, despite a certain amount of criticism restricted to individual questions, we were on the side of the government and continue to be so despite the fact that rightist politicians of the party of Klaus are prominent in it. The CSSD came out with the demagogic slogan calling for the elimination of the Communist Party, it figures prominently in the so-called extraparlimentary group, it is willing to seek coalition partners wherever it believes that it can expand its membership base that way. Its alliance with the Agricultural Party of Mr. Trnka or with people such as Mr. Cuba and particularly with the Rebirth portion of Civic Forum is not acceptable us.

These are some of the main reasons why two social democratic parties now exist. The association intends to interconnect decent people across party lines, to accomplish a certain moral tie between Democrats. For us, the "party" type of conduct is unacceptable. We consider the tolerance of views and a dialogue within the party to be virtually essential and we do not derive enemy attitudes from it. We also differ with respect to free association without any kind of "party discipline." For example, in addition to the normal membership, we have associate membership and independent membership. The common program is approximately the same—and besides, this is so with respect to all parties. We all want democracy, a market economy, so that today's political activities by the parties essentially consist of varying approaches to the solution of specific questions which confront society.

[Probstova] It is said about your association that it is fundamentally opposed to collaborating with the Communists and with ex-Communists. And yet its ranks include many a Communist....

[Battek] We are not guided by any hollow anticommunism; we use the individual approach with respect to ex-Communists. If a person was in the Communist Party of Czechoslovakia for a shorter or longer period of time, we cannot politically disqualify him from the remainder of life. For us, the most important thing is the credibility of this person's political advancement and, naturally, he must convince us through his actions that he is a Social Democrat. For this, he requires some time. I believe that, at least in the current developmental phase, the leading officials in social democracy at higher and lower levels should be people who were not members of the Communist Party. Our ex-Communists understand this aspect and are not attempting to acquire any kind of functions. They cooperate normally, they feel that they are worthwhile, because they can influence our actions, but do not represent us externally. By comparison, it is downright



comical to see Mr. Wagner come to the CSSD from the Rebirth faction and they immediately make him their general secretary.

One more thing about ex-Communists. If someone was expelled from the CPCZ [Czechoslovak Communist Party] after 1968 and has not been a Communist for 22 years, we differentiate between them and those who silently found a position in official structures during the time of normalization and were not in any way committed. Former Communists who worked in the opposition and the dissident movement during the period of totality have proven their credibility quite clearly and there is no need to hesitate at all in their case. Understandably, the model political credibility of people who were Communists until November 1989 and then left the party is very low. But we must also give them time to prove that they have changed their political attitudes. However, they cannot represent the Social Democratic Party. The Social Democratic Party must be created by Social Democrats.

#### **Unemployment Assistance Procedures Explained**

*91CH0752A Prague ZEMEDELSKE NOVINY  
in Czech 8 Jul 91 p 4*

[Interview with Jiri Hruska, doctor of jurisprudence, director of the Social Security Administration for the Prague-East Okres, and Jana Durickova, deputy chief of the health insurance department, by Andrea Nova; place and date not given: "When a Person Becomes Unemployed—Assistance Is Available Not Only From the Labor Office"—first three paragraphs are ZEMEDELSKE NOVINY introduction]

[Text] "Our enterprise is laying off employees, I am afraid that it will be my turn also.... I have already been given notice, I cannot find another job..."—such and similar "lamentations" are more and more frequently seen in your letters. Some have already lost their jobs, others have yet to confront this threat of the present day. Who will help me? Where shall I turn? Those are your most frequent questions, questions which were surely posed by anyone who has already become unemployed. Most of us know where we should go first of all—to the labor office. This facility will pay us our unemployment contribution and will "seek" a suitable job for us. However, the unemployed can also find assistance at the Social Security Administration office, which exists in every okres.

Their jurisdiction is relatively broad. In disputed cases, they make decisions regarding the entitlement to and the loss of health insurance and retirement benefits, social security benefits, the granting of disability benefits, the granting of survivor benefits, and maintenance contributions, etc. In the individual okreses, these offices operate on identical principles in accordance with valid proclamations and laws. However, it is possible that cases are not handled everywhere the same way.

We visited the Social Security Administration for the Prague-East Okres, where we had a talk with its director, Jiri Hruska, doctor of jurisprudence, and with the deputy chief of the health insurance department Jana Durickova. Mr. Hruska initiated the discussion.

[Hruska] First of all, I would like to recommend the periodical NARODNI POJISTENI to all those involved in handling social security issues. It is devoted to health benefits and retirement benefits and I personally consider it to be a very important helper. Particularly its bulletin section, which replaces the industry-wide gazette and the specialized public can find binding instructions which are contained in it nowhere else.

[Nova] But let us talk about the difficulties of the unemployed. These people are not participants in health insurance schemes, but despite this fact some of the health insurance benefits are paid to them. Which are these benefits?

[Hruska] People who have lost their job must first prove to us that they are recorded at the labor office as applicants for a job. Only then are they entitled to the following benefits: First, there are auxiliary payments for children. If the job applicant is caring for at least one minor child, then we pay these benefits to him. But only provided that the claim cannot be asserted against the insurance carried by the other parent. Another payment we make are monetary maternity benefits. The job applicant can decide for herself whether, in the fulfillment of stipulated conditions, she will assert a claim for financial assistance or whether she would continue instead to draw material support payments from the labor office. If she should elect the first variation, we shall pay her for the stipulated period of 28 weeks according to her qualifying earnings. However, there are cases in which the woman finds herself in the so-called protected period, which means that the last employer is obligated to make the payments to her. Financial assistance can also be paid to men under conditions stipulated in the appropriate regulations.

[Nova] Today, there are great problems involving the placement of school graduates. Where should a woman turn if she has not been successful in obtaining employment after graduating from school and has become pregnant?

[Durickova] As long as she is on record as seeking a job, she can approach us and we will make maternity payments to her. The daily payment to women with advanced school education amounts to 48 Czech korunas [Kcs] and other women receive Kcs36 per day. After this assistance terminates, we then pay a parental supplement.

[Nova] Who can receive this assistance from you?

[Hruska] In addition to job applicants, these payments can be made to other applicants who are unemployed, are not listed as job applicants, and fulfill other conditions stipulated by law. In practice, this means that it can

involve women in the household. The contribution amounts to Kcs900 per month and is paid until the child in question is three years of age (under certain conditions, even until the child is seven years old).

[Nova] How else can you help "unhappy people" who do not have a job?

[Hruska] We make support payments in the event of the birth of a child, once more only to women who are not in the "protective period" and who are registered job applicants. We pay Kcs3,000 for each child born.

[Nova] The payment of funeral costs is quite a sad chapter....

[Hruska] Funeral costs are a one-time payment paid to a job applicant who is receiving unemployment benefits and who organized a funeral. In my opinion, the size of this payment is no longer appropriate and is in need of a new legal adjustment.

[Nova] Can people who are unemployed also utilize the opportunity to enjoy balneological care?

[Durickova] The payment for balneological care is a voluntary one, it is drawn from the health benefits. Job applicants are not entitled to it. These benefits can be paid, for example, to an individual who is a family member of a worker who is covered by health insurance.

The Social Security Administration for Prague-East processes more than 6,000 payments per month. A single computer is available to accomplish all this work and employees must alternate in using it. If they have their agenda completed on time, then they must wait until it is their turn. Anyone who is smiling now can become upset in a very short time over the length of time it takes to process an application. There are even rude people to be found who demand to be "waited on" in not an exactly nice manner after office hours and they tend to even do so on days the office is not officially open.

And Mr. Hruska added in conclusion:

[Hruska] It has not yet happened that some one knocked on the door and has been turned away with the words: "We are not open today, come tomorrow." But we would like people to understand our capabilities. We work with money, we must carefully sort out and record all payments. And to accomplish this, we only have those days which are not devoted to the public. We want to do a good service for people, but this requires toleration on both sides.

P.S. On the day when I went to this interview, the office was open. A few seconds earlier, before the hands of the clock indicated 0800 hours (the time the office "opens"), two men were calmly waiting in line in front of the already unlocked doors.

Dear reader, if we have succeeded in responding to you through the employees of the Social Security Administration with regard to some unclear items, we are glad.

To the extent to which you have other questions pertaining to social problems, do write to us. We shall respond to them individually.

### More on Gabcikovo Controversy

#### Hungarians Politically Motivated

91CH0793A Bratislava SLOVENSKY DENNIK  
in Slovak 26 Jul 91 p 1

[Article by Lubomir Hudo: "Politics Disguised As Ecology"]

[Text] The decision of the Slovak government to go ahead with the temporary solution and put Gabcikovo Hydroelectric Project into operation enraged certain groups among our southern neighbors. As befits a correct, "objective" press, Hungarian dailies immediately gave space to the most radical opinions that smack of those days when Hungary did not show very much respect for Slovak national identity. The daily MAGYAR HIRLAP delighted in describing the expressions on the faces of the policemen on Gabcikovo dam when the Hungarian journalists arrived. But the Hungarian press took no notice of events such as the press conference of the Danube Circle, an organization of Hungarian environmentalists who see the Slovak representatives as energetic vampires sucking blood from the damaged environment. The mentioned press conference was kept secret quite well. While a group of journalists, including accredited reporters from CSFR, waited in front of a locked door at the address given as the location in Budapest where it was to take place, the press conference was arranged somewhere else for the initiated only.

MAGYAR NEMZET placed its reporter's extensive article about Gabcikovo in the domestic news section, perhaps to indicate that the decision of the Slovak government practically amounted to interference in Hungary's internal affairs. And finally, on the pages of MAGYAR HIRLAP we were able to learn from a competent specialist in international law, Laszlo Valki, about possible sanctions against CSFR because of Gabcikovo. The said specialist clearly stated that the final word belongs to the Czecho-Slovak federal government and that everything depends on Prague's decision. Never mind if Bratislava makes a fuss when Prague and Budapest come to an agreement—even if it is to the detriment of Slovakia's energy situation.

At the beginning of the week, Hungarian dailies published articles warning Hungarians against taking part in demonstrations protesting the construction of the Gabcikovo hydroelectric project, so that they would not cause a negative reaction among the Slovak public and tension between the two nations. In spite of that, a number of cars with Hungarian license plates could be seen at the protest site. It does no good trying to put out a fire when so many logs have been carefully placed on it in order to make it as fierce as possible.

It seems as if to the south of us they did not want to see that the Slovak government talks about putting Gabčíkovo temporarily into operation because it still sees a hope of reaching an agreement with Hungary that will help to work out a definitive solution to this hydroelectric project. We are not surprised that Slovakia's energy problem is of little interest to our southern neighbors, they have enough of their own worries, but they should not bury the hope of reaching an agreement by politicking disguised as an altruistic effort to protect the environment.

### Completion of Slovak Portion Urged

91CH0793B Bratislava NARODNA OBRODA in Slovak  
27 Jul 91 p 1, 2

[Editorial by Olga Vavrova: "Future Clouded by 'Dark Greens.'" The original design of Gabčíkovo-Nagymaros will be evaluated. CSFR is proceeding in accord with international law. Even the Green Party is in favor of its completion. Hungary does not have a technical solution. Consultations with the Danube Commission.]

[Text] Bratislava—This week on Tuesday the Slovak government, and on Thursday the federal government, agreed to continue the funding and deliveries for the completion of the Gabčíkovo hydroelectric project according to the temporary solution. After approximately two years of futile efforts to reach an agreement with Hungary on a reasonable solution to the situation created by Hungary's illegal action concerning the joint construction of the Gabčíkovo-Nagymaros project, this decision of the CSFR government means that we are getting ready to complete the Gabčíkovo portion without the participation of the Hungarian partner, doing so on our sovereign territory.

This action of our country is not—contrary to the uproar and threats from the Hungarian side—in contradiction to international practice. It is the only way to reduce the enormous daily losses, not only economic but ecological as well. It is clear to every knowledgeable and decent specialist—including ecologists—that the Gabčíkovo hydroelectric project in a state of incomplete construction causes the greatest damage to the countryside and nature. Finally, even the Green Party leadership supports completion of this project, understandably, while showing the maximum concern for ecology. In view of that, the question now is whether those who have been successfully blocking the completion of the project already since 3 July are truly the Greens, as the public thinks they are.

The federal government in its Thursday meeting agreed with the way our delegation proceeded during the international negotiations in Bratislava on 15 July. With respect to the conclusions arrived at there, CSFR will present by the end of this month the basic principles of its solution for the future of the hydroelectric project to a joint commission of experts of both countries involved and the European Community for evaluation. Hungary

is to do the same, but it demands only a CS-Hungarian commission without independent EC experts. And what kind of alternative engineering solution will Hungary offer?

None of the interested parties here have any illusions: the Hungarian side simply has no engineering solution for its alternative plan for the future of the project, other than its ideas of the devastating impact of the Gabčíkovo hydroelectric power plant and other structures. The chief of the Hungarian government delegation, Minister F. Madl, had to confess at the Bratislava negotiations that their technical solution is only "in the embryonic stage." But, the Hungarian parliament's resolution was already approved.

The federal government could not ignore it in making its decision. CSFR cannot accept this, at the very least unusual, way of justifying important decisions which affect also the interests of another country. Perhaps it sounds bold after previously backing down and searching for any kind of agreement for a long time, nevertheless, Czecho-Slovakia is presenting the original design of the entire system of the Danube hydroelectric project, that means, including the Nagymaros portion, to a bilateral or trilateral commission for evaluation. After all, to date CSFR has not received even a respectably expert substantiation of the decision not to proceed with the construction of Nagymaros, not even mentioning Gabčíkovo.

We therefore insist on an objective evaluation—also with independent EC experts present—of the original design of the project and technical solution to the Gabčíkovo-Nagymaros Joint Hydroelectric Project. CSFR will inform on this point the Danube Commission, whose requirements for preparing the entire Danube waterway for international navigation are directly connected to the completion not only of Gabčíkovo, but Nagymaros as well.

This, then, is the immediate future of the project. But with the help of advertisements, a highly organized protest movement, and "ecological" solidarity from abroad, up to now the clamor of a handful of "Dark Greens" has easily managed to cloud it. And therefore I am a little afraid that the decisions on such highly specialized problems will sink to the level of haggling with "also-experts." Only because they are—in their own words—"ready for anything."

### Environmental Delegation to Hungary

91CH0793C Bratislava NARODNA OBRODA in Slovak  
27 Jul 91 p 13

[Editorial: "Delegation to Hungary for Talks About Gabčíkovo; Federal Government Considers Alternative C, Conservationists Do Not"]

[Text] Following the meeting of the federal government, an extremely important visit to the Hungarian parliament awaits Minister Vavrousek, the chairman of the Federal Environmental Protection Committee.

He is to explain to the Hungarian deputies that a 30-square-kilometer area which has been turned upside down cannot be left in a state of unfinished construction for ecological reasons. Thus the fate of Zitny Island will actually be in the hands of the Hungarian deputies, in spite of the fact that for them it is "on the other side of the river"—wrote LIDOVE NOVINY No. 172.

It so happens that the federal government wants to negotiate and search for a common solution with the Hungarian side. If Budapest abandons its strictly negative stance, there is still hope for an ecologically more-or-less acceptable compromise, because in order to come to an agreement the proponents of radical construction goals would have willy-nilly give in. In case of a Hungarian refusal, the federal government, according to Minister Vavrousek, is also willing to accept alternative C, which is being pushed by the Slovak government.

Our governments will then come to an agreement, but there will not be a domestic consensus because alternative C is not acceptable to people living on Zitny Island or to the ecological activists. Vavrousek's visit to the Hungarian parliament will in no way involve merely a narrow problem of Danube's environment, because alternative C assumes that all construction will be on our territory, causing further devastation and huge expenses for the state budget.

At the time when the federal government was deciding in favor of alternative C, representatives of two important European ecological organizations, WWF and Global 2000, met in Samorin with the Euroretaz movement and representatives of the Zitny Island region in order to reinforce their hopes for building an Austrian, Hungarian, and Czecho-Slovak tripartite national park Danubia, extending from the rivers Dyje and Morava up to Nagymaros. It is to save some important remnants of valuable floodlands and wet woodlands, such as have not been preserved anywhere else in Europe.

#### Delegate's Report

The representative of the Hungarian Government for the Joint Hydroelectric Project Gabčíkovo-Nagymaros, Gyorgy Samsondi-Kiss, granted an interview to the Czech newspaper PRACE No. 172.

[PRACE] On Thursday, the Czecho-Slovak press published the opinion of your Minister for Environmental Protection, Š.K. Keresztes, that the Hungarian side will in no case accept the decision of the Slovak Republic. What will you do?

[Samsondi-Kiss] First, we have not officially received this decision, and second, we are bound by the agreement to negotiate with the federal government.

[PRACE] But are you not really sitting on your hands?

[Samsondi-Kiss] Absolutely not! We insist on the process on which we agreed with Prime Minister Carnogursky and other members of the delegation. Of course, we shall try to find a solution without stressing political issues, but one aimed at ecological and expert questions. It is true that the Hungarian parliament decided that in Bratislava we are to discuss only the cancellation of the 1977 agreement and work out a new agreement for reconstructing the terrain. This decision was approved because the Czecho-Slovak side has not yet submitted any other proposal, but only insisted on fulfilling the original agreement.

#### Nothing New From Hungary

I. Tirpak, minister and chairman of the Slovak Environmental Protection Commission, told SLOVENSKÝ DENNIK (No. 173): The Hungarians did not offer anything new. It was also a surprise to me that they demanded that the Slovak side show its cards. And that is not quite right, because our views on constructing the hydroelectric project have been known to them from the moment we learned that they will back out of the agreement. They should have been the ones to submit a proposal. But Mr. Madl himself spoke in the sense that their ideas, should the construction be halted and the entire area put back into its original state, are only in the embryonic stage.

I did not feel that these negotiations put us in a powerless position, because it was clearly spelled out what the decision of the Slovak side is, that it clearly proceeds on the basis that the hydroelectric project must be completed.



## Old Trade Unions Struggle To Retain Privileges

91CH0773A Paris LE MONDE in French 22 Jul 91 p 4

[Article by Yves-Michel Riols: "Old Communist Trade Unions Lose Their Patrimony and Privileges"]

[Text] Budapest—The former summer residence of Janos Kadar on the shores of Lake Balaton is now being operated by a joint American-Hungarian company. The rooms of the deceased Communist leader can be rented for DM100 a night, breakfast included....

But the symbolic conversion of this dacha to a deluxe hotel marks more than a loss of privilege for the old *nomenklatura*. It also represents a cruel comedown for hundreds of thousands of Hungarian wage earners currently enjoying what will doubtless be their last "socialist vacation." The innumerable rest homes lavishly subsidized by the state and formerly at the disposal of the country's lone trade union, the SzOT [National Council of Trade Unions], will soon change hands.

On 12 July, a few hours before adjourning for a long summer break, the parliament in Budapest adopted by an overwhelming majority (97 percent) a bill providing for the dismantling of the real estate and financial holdings of the former official trade union, which in March 1990 was hastily rechristened the National Federation of Hungarian Trade Unions (MSZOSZ).

The bill calls for the holding of countrywide interunion elections over the next year and division of MSZOSZ's assets among all the country's representative labor organizations. Another harsh blow: Termination of the automatic 1-percent withholding from workers' gross monthly wages that once swelled the coffers of the ex-official trade-union central.

Only employees who in the next month formally request it will have contributions withheld for the labor organization of their choice. A final precautionary measure: The conservative government has imposed a moratorium on the sale of trade union assets to prevent MSZOSZ from disposing of its patrimony in a quiet "liquidation sale."

### Belligerent MSZOSZ

"If they want war, they shall have it!" says Mr. Attila Balint, spokesman for MSZOSZ, shaking with rage as he watches the parliamentary debate on television. "The political parties are trying to strangle us," he says, puffing nervously on his cigarette. "The main purpose of this law is to thwart the rebirth of a powerful leftist movement in Hungary."

It is true that MSZOSZ headquarters—which stands facing an old, imposing statute of Lenin—is one of the few places in Hungary where people still call each other "comrade." The socialist (formerly Communist) deputies walked out of parliament when the bill was passed. They were not about to give their sanction to a statute that represents "a serious infringement of property

rights." This "confiscation without indemnification" is, in their view, illegal. And the party is going to appeal to the Constitutional Court.

Deeply shaken by these new measures, MSZOSZ is nevertheless far from defeated. It has lost half its members in the last two years, but the ranks of this last political dinosaur of the "old regime" still number 2.2 million. And it remains far and away the most influential labor organization in the country, even if most members, in this period of economic uncertainty, have kept their cards out of fear or just caution.

The MSZOSZ also has a great deal of maneuvering room in the formidable battle that lies ahead over liquidation of its patrimony. Parliament established only the broad principles governing the dismantling. The trade union was left free to establish its own procedures. But already there are noisy disputes. The Democratic League of Independent Trade Unions (FSZDL), with 200,000 members the second largest labor group in the country, believes the inventory prepared by MSZOSZ is incomplete.

The formerly official trade union declares its assets are worth 4.2 billion forints (400 million French francs [Fr]). It says it owns about 80 buildings, a few plots of land, and the trade union daily NEPSZAVA (Voice of the People). But according to Mr. Csaba Ory, vice president of the League, "the list of assets fails to take into account properties held by the various federations, particularly those in the mining and chemical sectors, which have their own little real estate empires."

The matter is further confused by the overlap between accounts of the trade union and those of the "party-state" during the last 40 years. Another objection raised by independent labor organizations: MSZOSZ built its fortune on forced employee contributions. It thus has no legitimate claim to its wealth, which rightfully belongs to all Hungarian workers.

But the onetime big shots of trade union orthodoxy have not yet spoken their final word on the subject. They are already planning to launch several appeals for a general strike when parliament reconvenes. The objective: by threatening social unrest, to force the government to pull back on dismantling the trade union's assets. The arm wrestling has only begun.

### Government Struggles To Gain Control of Military

91CH0774A Paris LE MONDE in French 29 Jul 91 p 4

[Article by correspondent Yves-Michel Riols: "Government and 'Old Guard' Officers Contend for Control of Army"—first paragraph is LE MONDE introduction]

[Text] The armies of Central Europe, trained in Moscow, are running into numerous problems as they try to adapt to the democratic realities of the "post-Communist" era.

In Hungary, Army disarray is even more pronounced, because the military is trying to hold onto many of its past prerogatives....

Budapest—It was the first case of collective insubordination in postsocialist Hungary. Unwillingly no doubt, the 19 conscripts from the Torokbalint garrison near the capital earned a place for themselves in the annals of Hungarian military history. On 3 July, the military tribunal of Budapest sentenced the 19 soldiers to disciplinary confinement for terms ranging from 14 months to three years. The charge: refusal to obey orders.

After remaining on duty for 24 hours in a sentry box without water or heat, they flatly refused to stand another shift of guard duty before taking time off as regulations provide. "The punishment is too harsh for the offense they committed," fumes Mr. Gyorgy Timar, attorney for one of the defendants. "The Army came down hard, in order to make an example of them. It wants at all costs to prevent the spread of insubordination, at a time when isolated acts of rebellion are cropping up all over the country." This sandy-haired attorney—who already had several bones to pick with Communist justice—has appealed to the military court, and the case of the "Torokbalint 19" is expected to come up for review between now and September.

#### "Petty Monarchs"

But it is too late to limit the damage. The "Torokbalint 19" have already become a symbol for the malaise that afflicts the military as an institution from top to bottom. The Hungarian Army, now released from Moscow's tutelage and independent for the first time in decades, is suffering from a serious crisis of confidence. Young recruits resent serving in this Army, which has remained largely impervious to the "change."

"Most of the officers were trained in the Soviet school," Timar notes. "They hang onto the last remnants of authority and behave like petty monarchs in uniform." The press no longer hesitates to report cases of desertion, suicide, and agitation in the barracks. It is obvious there is trouble in the military, even if the exact scope of the phenomenon has not been assessed in any official or credible study.

There are also divisions within the officer corps. No more "political" promotions or bonuses of every kind for "services to socialism." Faithful servants of the "popular" Army, they have lost their sense of direction now that the "imperialist threat" is a thing of the past. Over the last two years of "democratic transition," they have had to swallow some bitter diplomatic pills. In the toils of a far-reaching identity crisis, the officers must also contend with threats to their material security.

The defense budget is declining (in real terms), and the new conservative government wants to reduce Army manpower from 120,000 to 90,000 over the next three years. Even traditional military values are no longer respected: Conscientious objection has been authorized

for two years now, and last January the duration of military service was reduced to 12 months. Worse: The entire Army has been tarred by several corruption scandals orchestrated by high-ranking noncommissioned officers. Anxiety reached a peak last year with the nomination of historian Lajos Fur as minister of defense. He became the first civilian to occupy this post in modern times.

The malaise in the officer corps, hitherto expressed only in private grumbling, broke out into the open at Easter. General Kalman Lorincz submitted his resignation to the president, Mr. Arpad Goncz. The head of state rejected it "in the interests of national security." The controversy erupted again a few weeks later with the resignation, accepted this time, of Mr. Mihaly Beothy, undersecretary of state for defense.

#### Predictable Confrontation

Now the test of strength was openly engaged. Now it was not just a wave of discontent among the career soldiers, but a real power struggle for political control of the Army. "The Army," admits Mr. Erno Raffay, state secretary for defense, "enjoys too much independence from the state."

The confrontation was inevitable—and planned in advance. In March 1990, at the height of the election campaign, during one of the last parliamentary sessions of the "old regime," the socialist (ex-Communist) government passed a constitutional amendment that went virtually unnoticed: Control of the Army was separated from the Ministry of Defense. The objective: to prevent the military hierarchy from being subordinated to the new democratic government, by placing it directly under the command of the president. At the time, the socialists still hoped they could hold—and win—a presidential election.

The result: When Mr. Lajos Fur took office, he found himself at the head of an impotent ministry. With several months to go before the transition, 90 percent of the personnel of the old Defense Ministry were transferred to a new Directorate of the Hungarian Army.

Trapped by this astute juridico-political ploy, the government made a mind-boggling discovery: It no longer controlled the military leadership. As for the noncommissioned officers, they heartily approved this piece of defiance, exploiting to the hilt the rivalries between the government and the president, a member of the main opposition party. And the ploy worked beautifully.

In a supreme irony, General Lorincz even received the support of the opposition groups, whose ranks include most of the former dissidents. When the commander of the Army offered his resignation, the opposition thought his gesture signaled an all-out bid by the government to consolidate its power. Yet consensus is absolutely necessary. The new national defense bill, to be submitted to parliament between now and the end of the year, must be ratified by a two-thirds majority of deputies. Between now and then, the old guard in the military is doubtless going to stir up further tensions. "In the Army," notes the unruffled Mr. Raffay, "the change of system has not yet begun...."



### Criticism of Activities of Contract Sejm

91EP0634A Warsaw POLITYKA in Polish No 29,  
20 Jul 91 pp 1, 6

[Article by Janina Paradowska: "Weed-Choked or Mistrusted?"]

[Text] People say "roundtable" and "contract," and they sound disdainful or contemptuous. The word "unrepresentative" is said and, to tell the truth, no one knows to what degree this is a true definition. Who proves to be "representative" will be known after the elections. The word "usurping" is said, and this is surely not true. Many things are said about the Sejm, some of them true and some of them not. They are said in a calm and historical tone. For the most part, bad things are said. Such a fashion has become prevalent today.

"Weed the Sejm," some woman was shouting at the president's rally in front of St. Brygida's Church. In TYGODNIK SOLIDARNOSC, Krystyna Pawlowicz wrote plainly that the deputies have committed treason against the national interests, and she stated that she was using this expression with full conviction. Reading the press reviews that are prepared each week by the Sejm's Information Office shows that enjoying oneself at the Sejm is an occupation that is highly valued by journalists. Public opinion research indicates that only the Senate and the OPZZ [All-Polish Trade Unions Agreement] enjoy lower prestige than the High Chamber.

The tenth session of the Sejm, which began its life in the PRL [Polish People's Republic], is finishing its life in the Third [Republic] [text missing in original]. It is anachronistic [text missing in original]. "There is nothing with which to defend this Sejm," says Jaroslaw Kaczynski. His evaluation is exactly the same as that of the PZPR [Polish United Workers Party] at the end of its existence: It is anachronistic, and not removing the roundtable relics at the proper moment is the source of all evil.

Consequently, the Sejm has become a very convenient whipping boy. It does not even occur to anyone to demand a just evaluation of the body, the origins of which are so infected by the old system and that already just "sticks to its armchair"—as Deputy Niesiolowski was kind enough to say.

### Wonders of the Sejm

Since it is unseemly to fall behind the current fashion, I will add my own epithet. When I ponder the tenth session of the Sejm, the word that comes to mind is "eccentric." I can provide a lot of evidence of this eccentricity. The social democrat Ryszard Bugaj sits far to the right side of the hall, and on the left sits the capitalist Ireneusz Sekula. The old deputies of the PZPR vote for the crowning of the eagle and fully support the amendments to the Constitution that seek to expunge the word "socialism." Some of them did not even wish to defend the July 22 holiday, but did defend the conceived child. In the debate on the expose of Prime Minister Jan

Krzysztof Bielecki, not even three votes will be found that are favorable to the future government's program. And then, nearly unanimously, the Sejm forms a government. The will to debate with Deputy Prime Minister Leszek Balcerowicz has hung above the Sejm for several months. All the economic debates are incessant attacks on Balcerowicz, but when the deputy prime minister comes to the rostrum he soaks up all the applause. Is that not eccentric? Is it not eccentric that nearly half of the deputies have changed club allegiance, and some have done this several times. The old organizational allegiances and group photographs have been forgotten, as have been the constituents who voted for something else and now are getting something else.

Consequently, many epithets for the current Sejm may be invented, many faults may be pointed out, many objections may be raised. Recently, however, the objection most frequently raised against it is that it is slowing the economic reforms and thwarting progress on the democratization of the state. This is the most serious objection, and it is worth considering.

The tenth session of the Sejm began its work in a joyous atmosphere of euphoria. The formation of the government of Tadeusz Mazowiecki, followed by the furious work on the packet of economic statutes that brought the Balcerowicz plan into being—work which even today is remembered by many deputies almost with tender emotion, in spite of the fact that it was murderous—marked out the best days for the Sejm. High ratings in public opinion research accompanied them. The Sejm found itself at the forefront of the institutions that enjoyed the greatest social trust and credibility. That is how it was. As a result of the contract.

When did all of this begin to go sour? I often hear that the war waged above by Lech Walesa damaged the prestige of all the institutions, including the Sejm. This is a very simplistic statement. The Sejm had already become entangled in matters that could not augment its popularity. I will bring to mind just the unfortunate amnesty law, which elicited horror in a significant portion of public opinion. It is characteristic that the deputies' bill on abolishing capital punishment, which was one of the first bills brought up for debate, today still rests peacefully in the Commission of Justice. And, although it is an appropriate issue, no one is eager to bring it up, because they do not want to unchain emotions of which there is a surplus in any case.

I am bringing this up because it is a chronicler's duty, not because I think that matters of this sort would determine the social reception of the Sejm's activities or its standing, although they would have an influence on it. In my opinion, something else was much more important. During the first months, in the period of euphoria associated with the building of a new system, a marked shift of the center of gravity took place from legislative power to executive. The position of Tadeusz Mazowiecki's government, the first noncommunist government, grew stronger and stronger, but the position of the

parliament grew weaker. The Sejm actually worked at the dictation of the government. A bill would be presented by the government one day, the next day it would become the subject of plenary debates, even when it was as bungled as the law on the liquidation of the RSW ["Prasa-Ksiazka-Ruch" Workers Cooperative Publishing House], for example. I remember the forum of sociologists that took place in April of last year and which had as its subject the education of sociologists. Deputies and senators participated. The most often repeated opinion was: "We are not a parliamentary democracy. There is not even a marked division between legislative and executive power, because more and more deputies and senators are filling governmental functions. We are acting with the pistol aimed at our head, because everything must be changed, and the government has the legislative initiative almost exclusively."

#### "Our" Government and the "Contract" Sejm

Evidence of this state of affairs may be found even today. It suffices to skim the list of bills that are waiting to be enacted. For the most part these are really very old initiatives of deputies. I am not judging them nor the urgency of the matters they concern. However, it is a fact that the government has become the engine of transformation and that its propositions have been adopted. The decided majority of the so-called motions of the minority were rejected when they caused significant disturbance of government suggestions. The most recent example—that of the tax law—is good here. This means that this situation persists up to the present day.

Was it possible to maintain a balance between the position of the legislative and executive power during such deep economic and political transformations and such haste in creating new law?

It was very difficult to preserve it, particularly when the government was "ours" and the Sejm was the result of a "contract." Lech Walesa's idea at the beginning of last year to give the government special plenipotentiary powers was received very poorly. The decree in Poland is pathetically associated with democracy. It seems to me however that had everything pro and con been considered without emotion at that time and had Tadeusz Mazowiecki's government wanted to take on some of the powers itself, perhaps many of the Sejm's later conflicts with the government could have been successfully avoided. For in the end, either way, the government assumed responsibility when the presidential elections came. Currently, the issue of special plenipotentiary powers has returned in the much more difficult political situation of Jan Krzysztof Bielecki's government: the preelection situation, when neither the Sejm nor the government has a mandate from society or sufficient social trust to introduce economic reforms in such a shape as presently exists.

The situation in which the Sejm was working at the dictate of the government was convenient and perhaps even favorable to the reforms. However, in the long run

it created habits that are harmful to a democratic system. If the parliament was once dominated, then the urge to dominate remains, and when the parliament begins to revolt and say "no," reactions become nervous. Thus, for a longer time, Mazowiecki's government had a situation in the Sejm that was almost comfortable. Bielecki's government also possesses a certain comfort. The Sejm will not take responsibility for its downfall, although it often revolts in words.

At the turning point in relations between the Sejm and the government in the spring of last year, they were used to paying attention to one another. At that time the Solidarity side lost several votes. When statutes on old-age and retirement pensions were enacted, the Sejm added 3 trillion zlotys in taxes to the budget. This could have ended very badly for the Balcerowicz plan were it not for the interference of the Senate. Since that moment it has begun to be said that in the Sejm the old coalition that blocked reform is consolidating and making itself heard. Indeed, several times changes took place in the statutes as a result of the blocking of votes from the left side of the hall and from the center. It is also true that this happened at a time when the interests, chiefly economic ones, of the people of the old system were threatened (for example, the matter of the statutes on cooperatives, retirement pensions of prominent persons, and, later, the statute on political parties). In recent days this coalition revived when the report of the Extraordinary Commission, which is examining the alcohol affair that has changed into a political affair, came under discussion. Preelection emotions carry everyone away. However, statutes that are fundamental to the progress of economic reform passed with no problem. I will just mention the vote on the packet of privatization statutes which were adopted almost unanimously. These are the statutes that will indeed determine the way the system changes. It is a wonder that the left and the right demonstrated such unanimity.

Consequently, it is worth reminding the ardent critics of the current Sejm that in this, the tenth session, the bills that aim at reforming the economy and the state, not to mention the statutes having to do with the police and local government, are always adopted by a huge margin of votes. There has even begun to be talk about the unpredictability of the behavior of this Sejm, which votes unanimously on basic economic issues in spite of the differences in viewpoints, while in matters of less importance it is torn by strife.

#### The Quick Path

A few weeks ago the conflict between the Sejm and the government over the tempo of instituting law became boisterous. Marshal Mikolaj Kozakiewicz used to say, "If we are working, we are still necessary—just as is the case with all of Poland. What keeps us on the surface is the fact that we are swimming." Was it possible to swim faster? Yes, certainly. The recently appointed Extraordinary Commission has in a very short time prepared to enact a packet of economic laws, and some of them have

already been adopted by the Sejm. Such a quick legislative path should have already come into being in autumn of last year when there began to be talk of a so-called legislative minimum, that is, the selection of laws to be worked out and passed that are essential to the functioning of the state and the economy. This was not successfully negotiated between the Presidium of the Sejm and the Sejm commissions, and it blossomed into a serious conflict with the government, even though Prime Minister Bielecki repeated several times at the beginning of his administration that it is possible to come to an understanding with this Sejm on economic matters.

With issues of a political character things were indeed different. It is well known that a small group of deputies—who, whether one knows it or not, are the hardest working—is well acquainted with the economy, and it is well known that with politics (just as with issues of emblems, abortion, or television) everyone is very familiar. But this problem has a long history. For 10 to 20 months the situation in the Sejm has been defined in one word: decomposition. And at the same time there continues to be talk of the "contract" Sejm in the same sense as if the old PZPR-ZSL-SD [Polish United Workers Party-United Peasant Party-Democratic Party] coalition existed in it and as if this very coalition was dissuaded on various occasions and blocked changes. This is, in terms of propaganda, a very convenient simplification which today no longer has much in common with the true divisions in the Sejm. In reality, the initial contract arrangement has decomposed.

#### On One's Own Account

For very many months, a part of the OKP [Citizens Parliamentary Club] was voting just like part of the left. The center frequently united with the right, but frequently nothing could be foreseen. After all, the dispute over regulation has its own sources in the fact that deputies of the ZChN [Christian-National Union] wanted the same as the left, in other words, proportionality, and they came out against their own club, that is, the former OKP. Such were their political calculations at the time. Then political calculations and configurations changed. Now everyone plays on one's own account and the Sejm's rostrum often resembles the platform at a rally.

We got used to these eccentric, undisciplined votes that were cast according to one's own conscience (the most fashionable type of voting), although they were not able to build the prestige of the Sejm. But I would not make my most serious objection to this, but rather to the fact that constituents have no influence on their deputies. They cannot recall them, because at the roundtable the Solidarity side "protected" this. No one foresaw such a course of events. But a serious objection that can be raised to the tenth session of the Sejm is the lack of skill in coalition-building.

Mazowiecki's government arose thanks to Lech Walesa's creation of a coalition with the ZSL and the SD (which

supported him and the PZPR). The impulse behind its creation came from outside the Sejm, and the leading political figures of the Citizens Parliamentary Club had very serious doubts about whether to take power. However, if one investigates what happened in the Sejm, it turns out that, strictly speaking, such a coalition never existed in the parliament. It was of a symbolic character—a photograph of Walesa with Jozwiak and Malinowski or the participation of ministers from the old parties in the government, which did not always find a reflection in the government's policies, not to mention the issues of agricultural policy upon which peasant groupings had no influence. In the Sejm, there were no serious coalition talks and very quickly after the Mazowiecki government arose, other groupings were explicitly given to understand that they were no longer necessary, that they were worse because they had not been democratically elected. If it is incessantly repeated to someone that he is worse, that he has no social mandate, it is difficult to expect loyalty. And yet, deputies of the SD, for example, stood by the Mazowiecki government more faithfully than a considerable part of the OKP. I think that the leadership of the Citizens Parliamentary Club at that time did not demonstrate farsightedness.

The government also seemed to believe that it had matters settled in the Sejm. And on the whole it did have. However, only up to a certain point. When Prime Minister Mazowiecki, pressed by the slogan of acceleration and the worsening situation, wanted to make changes in the composition of the Council of Ministers, the Sejm did not agree to two of the ministers. I remember that very late evening in the Sejm and the tremendously upset prime minister who said that he could not work with people whom the Sejm forced upon him. I also remember what gaiety was elicited at the OKP session by the appearance of Jacek Kuron (Minister Kuron at the time) who said that he had found out about the proposed changes in the government from the expose of the prime minister because he was late for the morning session of the Council of Ministers. When did the coalition talks take place? Late at night the day before the Sejm session. How was it possible to think of making changes without having a majority in the Sejm and not making consultations even within the framework of one's own coalition?

I recall a story from a year ago, but nothing has changed in this respect. The creation of the Bielecki government took place on the authority of the president without any attempt to create some base of support in the Sejm. In the dispute over the regulation of elections, employees of the Chancellery and Belweder so mistreated the contract majority, as well as a portion of its own old camp, it was as though they intentionally wished to ignore the presidential veto. Moreover, we have this whole sorry mess with electoral regulation to a certain degree also as the result of the lack of earlier cooperation. I have always wondered why work on regulation began so late, why no one thought of it earlier when the Sejm was not yet in a state of such political chaos, when it had a definite will to

make changes and even had a sense of its historic mission. With the passage of time, everything became more difficult. Partisan local interests, preelection games, and political contests within their own camps played a larger and larger role.

In the Sejm, all of this reflected what happened outside it. When demagoguery grew on the outside, it also grew inside the Sejm; when politicians clashed more and more brutally, the tone of the appearances on the Sejm's rostrum changed; movements and parties divided, and factions fighting among themselves arose in the Sejm. It could not be otherwise. The Sejm could not be an oasis of political culture and good manners when all of our political life, in which narrow, embattled elites are involved, fills us more and more with disgust, when we stop understanding what the point is, beyond that the point is power in a state that is falling apart more and more rapidly.

A year ago when I was observing the work of the Sejm, it seemed that it was already at the end of its possibilities, that any moment it would stop "swimming." I remember a conversation with Marshal Kozakiewicz in early autumn of last year. The marshal was then saying that in his opinion the elections should take place in the first quarter of that year. That is how highly he regarded the Sejm's ability to effectively institute law. It turned out that in spite of all the divisions and political contests, the Sejm continues to make law and today perhaps even does so more efficiently than a year ago. This, too, is one of the astonishing traits of this strangest-of-the-strange parliament.

Consequently, the tenth session of the Sejm is not the source of all evil, and it is not because of the political contract that gave rise to it that it is so poorly regarded in public opinion today. After all, it is worse in the Senate, which was democratically elected in full. The crisis of trust is so deep with respect to all state institutions that it has not overlooked the Sejm, which, according to the roundtable plans, we elected for four years but which will end its term after just a little more than two years. Perhaps then, when the electoral fever that today has seized the politicians passes, the time will come for the just evaluation of this "relic of the roundtable" (as is said today), which began the great reform of the state and the economy. And it did this better than could have been expected when one takes into consideration the initial contract concerning the division of seats.

#### **PSL Leader Seeks Centrist Role in Sejm**

91EP0646B Warsaw TRYBUNA in Polish 20-21 Jul 91  
p 2

[Interview with Waldemar Pawlak, chairman of the Polish Peasant Party, PSL, by Halina Dowda; place and date not given: "The Peasants Have Always Been Centrist"—first paragraph is TRYBUNA introduction]

[Text] Waldemar Pawlak (32 years old) has been the chairman of the PSL for the last three weeks. A deputy to

the Sejm and a graduate of the Automotive Department of the Warsaw Polytechnic, he has in a single year (1984) graduated, married, and taken over from his father a 17-hectare farm in Plock Voivodship. He is chairman of the "We Shall Not Abandon Land" Movement for the Defense and Expansion of Family-Owned Farms" Association.

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[Dowda] Upon being elected chairman of the PSL you declared proudly and in peasant style, "There is no reason for us to genuflect and bury our heads in the sand." These words, the words of a leader, were awaited by the delegates to the Extraordinary Congress. The Polish Peasant Party has recently undergone wrenching upheavals, and its search for an identity has led it to be called various bad names, including cryptocommune.

[Pawlak] We don't feel guilty. Whoever feels that he has sinned, let him confess it himself and beat his own chest, not another's chest. For the Poland that we want to build it is the peasants who have preserved the most precious values—land, faith, work ethic, family traditions, folk culture. Who else but the Polish Peasant Party can defend the honor of the peasantry?

On special occasions it is said that without the peasants there would be no Polish statehood and nationhood, but ordinarily all sorts of accusations are hurled in the face of farmers, for example, that they do not know how to manage their farms, or that they cannot see beyond the tip of their noses. And when they demand the right to live in dignity, they are accused of being postcommunists.

[Dowda] Do you want to speak on behalf of all peasants?

[Pawlak] The peasant movement has always embodied the aspirations of peasants, but without becoming parochial.

[Dowda] The orientations of the peasant movement have differed.

[Pawlak] Ever since the Polish Peasant Party was established in 1931, its aspirations have been clearly articulated. Consider the three famous principles proclaimed by [the PSL's prewar leader] Wincenty Witos: "First and most important, to preserve national independence and might. Second, to attempt to introduce in all its fullness a democratic system of society in our country. And third, to constantly and steadfastly defend civil rights and our peasant interests."

[Dowda] But now it is 1991.

[Pawlak] And Witos's advice is again timely. The PSL desires to accept responsibility for the state's destiny and build a program for the entire nation. But we shall especially protect farmers, who are experiencing so many humiliations.



[Dowda] Your party proclaims the idea of being constructive rather than destructive. This is a fairly general plank in its program.

[Pawlak] There is also a detailed plank, and the constructive idea is close to every farmer. If it is to bear good fruit, land requires ceaseless effort—even its temporary neglect makes itself felt. Nature teaches humility, but it also teaches the need for rapid and effective action.

The current political changes are due to two factors. First, there was the opposition, the devastation of the state and the economy, and second there is the transformation of state structures from within, which required working from within the system. These two factors became combined at the "roundtable" and in the 10th Sejm. All those who have prompted changes in Poland should be given credit.

But if credit is also given for militancy, then the entire government should consist of peasants, because it was they who first undertook the struggle against the system of society imposed on our country. At a time when peasants were being cast into jails, certain representatives of the present-day leading forces labored to perpetuate the then existing system. Once again real life proves that "in a war it is the generals who fight most bravely and the peasants who die in largest numbers."

[Dowda] Are you trying to whitewash the ZSL's past? You too were its member. [A reference to the communist era when the PSL was known as ZSL (United Peasant Party) and allied with the Communist Party.]

[Pawlak] I don't deny that past, but those were years of struggle for our own political identity and independence. The continuators of the ZSL should be seen among those who want to maintain the transmission belt principle [transmitting obediently orders from the top to the bottom]. The basis for the operation of the ZSL was to serve as such a transmission between the rulers and the countryside. We have definitively broken with this practice. The PSL is independent and sovereign and we decide our own fate. This is not to the liking of those who desire to maintain that transmission belt idea, with the only and "subtle" difference that another kind of force operates at the belt's end.

[Dowda] What place will the PSL occupy on the political scene?

[Pawlak] In accordance with the traditions of the peasant movement the PSL is a centrist party. The peasants have always been centrist rather than rightist or leftist. We want to attract the PSL and rally around it rational and responsible individuals to whom the paramount value is the good of the state and who place man and labor above capital.

[Dowda] And this sufficed to marry the program passed by the Extraordinary Congress to the social democracy. The green clover is said to be blush with shame [i.e., become stained "pink" by the leftist social democracy].

[Pawlak] Whoever thinks so has not bothered to read our ideological declaration and program. If the social democratism is attributed to the PSL, then the pope might just as well be called a social democrat. John Paul II in his encyclicals places man and labor above capital.

One can of course make frequent references to the social teachings of the Catholic Church without ever bothering to study its canons. But this is not seemly of the party's leaders, and it is an ignorance that should be discarded.

We have mined ideas for our program of action from among the outstanding founders of the peasant movement, Witos and Mikolajczyk, from the agrarian doctrine and Christian ethics that have been ever-present in the peasant movement. Agrarianism engenders proposals for a road to the development of societal life that differs from the social-democratic, Marxist, or liberal roads.

[Dowda] Does not proposing a road other than the liberal one mean being in opposition to the government?

[Pawlak] That is a point we settled during our meeting with Prime Minister Bielecki.

[Dowda] This meeting between the newly elected leaders of the opposition faction of the PSL and the prime minister took place more rapidly than did, following the Unity Congress, the meeting with the leaders of the party then existing in a coalition with yours. That is, unless the former party chairman has met with neither of the two prime ministers.

[Pawlak] The fact that the PSL is an opposition party does not mean that it is wroth with the authorities. On the contrary, we desire to maintain contact with them. How else is the participation of our party in political life conceivable? We desire to replace empty gestures with objective negotiations.

[Dowda] You have been negotiating with the prime minister?

[Pawlak] We met halfway, because the prime minister himself was also interested in the talks. We explained our rationale. The prime minister agreed that our being in the opposition to the government does not preclude reaching agreement on particular matters. The contacts will be maintained by teams of experts.

[Dowda] The experience of the [PSL] Caucus of Sejm Deputies, which has maintained contacts with the government all the time, is paying off. Being a deputy facilitates the task of the PSL leader. Deputy Jozef Zych, chairman of the PSL Supreme Council and head of the PSL Caucus of Sejm Deputies, said that you have been raised by him and the caucus. Prior to the elections of the leaders, all sorts of rumors were heard behind the scene at the Congress.

[Pawlak] Do you mean the rumor that I was selected in a smoke-filled room to be the PSL chairman? But the balloting was secret and democratic. There were the

rumors that the legality of convening the congress and electing the delegates was doubtful, etc. But all these rumors came to nothing. Three delegates resigned their mandates. That was three too many; the legality of the Extraordinary PSL Congress cannot be undermined by anyone.

[Dowda] The number of delegates does not jibe with the previously reported figures on the membership of the PSL. How many members does then the PSL have?

[Pawlak] I ask for your understanding. In the past romanticism substituted for recordkeeping. Delegates were elected only by those holding membership cards. In time we shall bring this domain in order, too. The era of idle talk at the PSL is ending and the era of action is beginning.

[Dowda] At the Sejm you have not shunned talking, and the speaker has often asked you to keep minutes of Sejm meetings.

[Pawlak] Our caucus came to life as a cofounder of the new coalition and of the change in the system of rule in Poland. Some people don't want to remember this, in order not to share credit with anyone, and also in order to brand more easily the Sejm with the contemptuous epithet "the contract Sejm" [meaning that this is an undemocratic Sejm, established on the basis of "round-table" accords, with the communists or postcommunists holding 65 percent of the seats]. Will the experience I had gained at the caucus help me in my job as the chairman of the PSL?

In the Sejm one must know how to expound his rationale and listen to the rationales of others. Democracy construed very broadly means not only the will of the majority but a compromise between the rationales of the majority and the minority oriented in the direction of maximizing the common good.

[Dowda] Nicely said, but hardly feasible in real life.

[Pawlak] It is better to lose several days on talking than take unnecessary risks. We are open to discussion with any grouping if it presents rational and objective arguments. We must explore compromise, and we desire to proceed on this road. But every compromise has its limits. That limit is the interests of Poland and the interests of peasants. We may not exceed that limit.

[Dowda] "Interests of the peasants"—that is a very broad concept. Do you operate a farm?

[Pawlak] Yes, together with my parents and wife. Unfortunately, I shift more and more of my chores onto their shoulders. We grow seeds, chiefly vegetable seeds, and raise a few hogs. We keep one cow, to have milk for the children. I have three children, a six-year-old daughter and two sons, one three years old and the other five months old. I have not graduated from any agricultural school, as cars were my ruling passion—and later computers. When I began to farm, I could afford to buy an IBM computer. Nowadays that would be absolutely

impossible. The computer serves me to program and optimize farming operations. But so far my father has been better than I at making a profit, and it is bound to stay that way.

I thus am familiar first hand with the interests of peasants, and I am aware that, although peasants are owners of land, machinery, etc., it is their own labor that is the principal source of their incomes. Nowadays when farmers cannot sell what they grow and raise, this dependence is even more tangible.

It is this precisely that argues in favor of a community of interests of the peasants with interests of those who also support themselves by their labor—workers and the intelligentsia.

[Dowda] But the PSL feels a leftward pull.

[Pawlak] Whatever is not rightist is immediately classified as leftist. Nonsense; we reject extremes. We are opposed to antagonism between town and country, as well as to internal divisions in the countryside. How does the PSL intend to protect rural interests? Below are several approaches that we had presented to the prime minister:

- Funds for the Agricultural Market Agency. So far it has received 400 billion zlotys, but it needs 800 billion. What kind of money is that? The monthly food imports total US\$100 million, or about 1.1 trillion zlotys. This exemplifies the losses sustained by Polish farming owing to relatively passive role of the state in the economy.

- The struggle against unemployment. Unemployment benefits are not enough; the point is to create new jobs. We are chiefly interested in rural areas and small towns—that is where help from the state is most needed. We proposed that a major part of foreign aid be channeled to these regions.

- Credit for agriculture. For those farmers who have lost their nonfarm jobs but who would prefer to stay on the farm, and also for farmers who want to modernize farming operations. And lastly loans for production. Credit is the "to be or not to be" of farming. If the government does not do anything about this matter at present, what will it do with farmers in the future?

We demand greater state intervention in agriculture because it would be difficult to claim that this intervention is completely nonexistent. An active participation of the state in the economy in general, in the socioeconomic development of the country, is a fundamental plank of the economic program proposed by the PSL.

[Dowda] A coalition of peasant parties was formed to promote this program. But the PSL wanted to enter the elections with a program of its own. It wanted to preserve both its identity and the coalition. Was that possible?



[Pawlak] Our program is opposed to the economic policy of the government. We asked our partners about their attitude toward the government; is that a strange question? Instead of answering us, they demanded that we abandon our own program.

[Dowda] Are you aware of any tricky maneuvers on the part of the Solidarity coalition? Has not their purpose been to saddle the PSL with responsibility for the breakup of the alliance?

[Pawlak] We did not want to break up the coalition and we did everything to prevent it. Contrary to the facts, various declarations were made ascribing to us some fictitious intentions and utterances. We have been rectifying, explaining, and discussing....

Let me make it perfectly clear that neither I nor anybody else in the PSL has done anything to promote the breakup of the electoral coalition of the peasantry. We are sufficiently adult to cope on our own. We have been guiding ourselves not by fear of isolation but by the belief that the peasant coalition is needed by Poland and the countryside.

The PSL has invariably supported the coalition of all the forces linked to the countryside. The coalition should be based on equal partnership and equal rights of the participants. We should form an electoral bloc for the elections with each grouping to carry its own banner and let the voters decide on the distribution of Sejm seats. We are open to all forms of cooperation with anybody who cherishes the ideals of the peasant movement and the economic program of the PSL.

[Dowda] Thank you for the interview.

### **Program of Universal Privatization Explained**

*91EP0641B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Jul 91 p VII*

[Article by Minister of Ownership Transformation Janusz Lewandowski: "The Nationwide Privatization Program: What Everyone Should Know"—first paragraph is RZECZPOSPOLITA (ECONOMY AND LAW supplement) introduction]

[Text] Below we publish a description and an explanation of the Nationwide Privatization Program, whose principal author is the minister of ownership transformation. The overall concept of that program is certain to no longer undergo any major changes, and instead it will be developed and elaborated. Revisions in specific cases are possible.

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A rapid transfer of part of public wealth to the hands of all citizens and the improvements in management at the plants that will thus be privatized—such are the purposes of the government program for nationwide privatization.

The program is based on two assumptions. First, that public wealth is owned by the entire society, because it was produced by its labor and efforts. It would be unfair to a large number of the citizens who had contributed their labor to building up that public wealth if they were to be deprived of the chance to avail themselves of privatization. Privatization is a cause of the entire society, not just of its wealthier segment. Thus, the aim of the program is to make ownership more common: to return to the people what belongs to them. The second assumption, and one that at present is theoretical, is that the economy belongs to all but in practice it belongs to no one. Plants lack owners, so that productive assets are not being properly utilized and sometimes are even wasted. The situation in Polish industry is chaotic, and everyone demands to put an end to it. Hence, improvements in management are the second aim of the program for nationwide privatization. The point is that good owners-managers be found for plants.

How shall this program be translated into reality?

### **A Corporation in Lieu of an Enterprise**

In June 1991 the Ministry of Ownership Transformation drafted a list of 630 plants from which plants for the Nationwide Privatization Program are to be selected. The list included both plants which themselves had asked the Ministry to privatize them (this request may be made by a plant's worker council jointly with its management) and those picked by the Ministry itself. Ultimately, on 16 July 1991, 400 enterprises were selected. (See the list after this article.) They all expressed consent to their commercialization.

These 400 plants will shortly be transformed into one-person Treasury companies (the so-called commercialization). Each plant will become a corporation, but the stock (each part of which represents a fraction of the plant's value) for the moment will remain owned by the state. At the same time, the same consulting companies which had assisted the Ministry in selecting the enterprises will review the situation and explore so-called elementary reserves (that is, rapid and inexpensive ways of improving the situation) at the enterprises covered by the program.

### **Distribution of Stock**

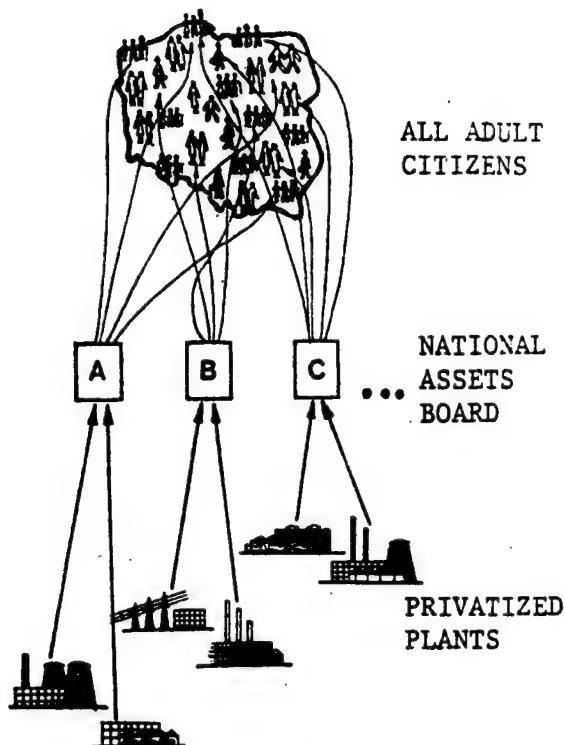
Shares in enterprises will be divided into three groups:

A. Sixty percent of the stock will be transferred at no charge to especially established institutions for administering public wealth, called National Assets Boards. Shares in them will be owned by all citizens.

B. Ten percent of the stock (maximum) will be transferred at no charge to the ownership of the plant's employees.

C. Thirty percent of the stock will remain state-owned.

The distribution of stock and shares gratis instead of their sale is a major plus. In order to sell stock, its price



has to be determined, and this means that the value of the plant has to be appraised. Such an appraisal is time-consuming and costly (to this end, the highly expensive services of specialized foreign companies would have to be used because in Poland we have too few experts in this field), and besides it is hard to accomplish objectively and lucidly. In such a situation mistakes or inaccuracies easily crop up.

#### The National Assets Boards

In the fall of 1991 National Assets Boards will be established, and they will take over 60 percent of shares in the privatized enterprises, thus becoming their co-owners with a controlling share.

These boards will evaluate the performance of the plants concerned and supervise them. In this way, the plants will gain a responsible manager.

Every national assets board will have a supervising council whose duties will include the selection of plant management and supervision of its activities.

These supervising councils will include persons enjoying public trust as well as experts in law, finance, and economics. The supervising councils will appoint managers from among specialized management firms, both Polish and foreign. Thus in the Polish economy there will arise institutions that are counterparts of Western trust funds and holding companies, i.e., institutions whose effectiveness is proved the world over and that are universally used in the highly developed countries.

#### Foreign Experts

The best foreign companies will be invited to participate in the Nationwide Privatization Program; their task will be the day-by-day management of the National Assets Boards under the supervision of Polish chairmen of the boards and supervising councils. These companies will receive remuneration that is contingent on their performance. The remuneration system would be designed to interest the administering companies in augmenting maximally the assets of the enterprises subordinated to them. What is the reason for this approach?

Currently Polish enterprises exist in a generally poor financial and economic shape, and for this reason their value is fairly low. They usually cannot cope with the new conditions and have problems in finding markets for their products (this affects particularly the plants which exported most of their output to the USSR), and they are incapable of getting credit.

They need both modern technologies and modern management. The introduction of modern solutions at well-selected points—e.g., marketing, product quality improvements, exploration of new markets, and adaptation of production to their needs—improves the situation fairly rapidly. Then the value of the plants will begin to grow from its current low level. But this requires two things: money and familiarity with the world economy. The utilization of good foreign management firms in the Polish economy will serve to introduce new solutions and provide broader access to knowledge, foreign markets, Western technology, and the international credit market. This will have one more good consequence in that it will force Polish financial institutions, which also will be able to participate in administering public wealth, to become sharply competitive.

The Ministry of Ownership Transformation and its consultant, the British bank S.C. Warburg, are at present negotiating with a dozen or so world-famous management firms. Interest in the Polish offer is considerable, and this is quite understandable because the Nationwide Privatization Program is bold and innovative, and participating in it affords an opportunity to test skills and gain prestige. For Poland this affords an opportunity to introduce foreign experience and solutions in our economy without having to transfer to foreigners ownership of our public wealth. The owners of a substantial proportion of public wealth at no charge are to be Polish citizens themselves, while foreign companies will be working on their behalf by administering that wealth the best they can but without thereby gaining the right to own it.

#### Secure and Equitable

Polish citizens are becoming owners of the part of public wealth transferred to the National Assets Boards in the sense that they are becoming shareholders in these boards. All citizens with the right to permanent residence who are at least 18 years old as of 31 December 1991 (that is, those born before 1 January 1974) shall

have the right to share in the program. Each board will issue stock (with each stock certificate representing a fraction of the assets of the board), and every adult Polish citizen will receive gratis one share in each board. The citizens will receive not stock in privatized plants but shares in plant-owning National Assets Boards.

The question arises, why cannot this system be simplified by directly awarding to every citizen or employee shares in the plants themselves? The answer to this question is very simple: This cannot be done equitably. It is the intent of the government that every citizen have an equal chance and that every citizen receive stock of equal value. If stock is directly awarded, this would require appraising the worth of the privatized plants, and that cannot be done rapidly at present. Besides, transfer of ownership to employees alone would not be fair—first, because the employees of certain well-performing plants would receive much more than those working at ill-performing plants or at those encountering considerable difficulties at present, and second, because that would be unjust to people who do not work at the privatized plants, such as farmers, health service personnel, teachers, clerical employees, etc.

Owning a share in a National Assets Board means owning part of the board's worth, and hence it depends on the worth of the plants of which it is a co-owner. That worth has not been appraised, and hence it is difficult to estimate it at present. Therefore, in order to avoid speculation in shares whose worth has not been precisely determined, these shares can be sold only beginning in the spring of 1993. The reason is that the annual financial statements of the plants subordinated to National Assets Boards (and the corresponding financial statements of the boards themselves) will begin to be published in the spring of 1993, and hence then the profits derived by the owners from these plants can be estimated.

Because the boards will be interested in multiplying the value of their assets, it can be expected that, at least in the initial period, they will spend the profits derived from the plants not on distribution to their shareholders (that is, to all citizens) but on strengthening and expanding the plants that afford the best moneymaking opportunities. In this way there will arise a system for financing changes in the plants with the object of streamlining and expanding them; in this way also, money will be invested where it can produce the best results.

#### Registration in 1991

Citizens will receive shares in National Assets Boards. How will this be done?

The presence of an identifying number on each person's identity card will be proof that the person's name has been recorded on the list of share owners. By now some 90 percent of citizens have such numbers, and those who still lack them may receive them on demand from the gmina office proper for their address. As of November 1991 every Polish citizen of legal age will be able to

request his gmina office to verify or issue an identifying number. At the same time, every Polish citizen shall receive a brochure advising him about the principles of the Nationwide Privatization Program. The existing PESEL Computer Recording System will be used to register citizens for this purpose. Thus, PESEL will be, as it were, a share bank, and the identifying number would be, as it were, the number of the account in which a citizen's shares are deposited. On demand, a citizen shall receive his shares in the form of a stock certificate at the time when sales of shares will be permitted. It is then also that the citizen will decide whether to sell his shares at the then-current market price or keep them in the hope that their value will rise. Considering that an aim of the National Assets Boards will be to multiply the value of their assets, the latter choice is certain to be more profitable in the long run. Shares of the citizens who for some reason fail to request them will be kept for them for 10 years. Shares belonging to deceased persons are passed on to their inheritors.

#### What Is in It for Us?

What is in it all for the individual citizen, to individual plants, and to the country as a whole?

The citizen receives shares, which will gain in value. In the long run he will be able to sell or keep them in order to derive from them some permanent income from the corresponding fraction of profits from the plants to be privatized under the Nationwide Privatization Program. As the Polish economy becomes healthier, the value of the shares owned by each citizen will increase.

The plants will receive management that is personally interested in their optimal growth and that will have the skills and resources to promote their growth. And the employees of these plants will gain an opportunity for higher earnings, at first owing to the restriction and/or abolition of the tax on wage increases and later owing to improvements in the plant's condition.

This country is facing prospects for a more orderly economy and the influx of new technologies, capital, and management techniques. The transition to a market economy will thus be greatly accelerated.

#### Offensive Action Needed To Restore Soviet Trade

91EP0643A Warsaw RYNKI ZAGRANICZNE in Polish No 85, 16 Jul 91 p 3

[Article by Mikolaj Oniszczyk, chief specialist in the Ministry of Foreign Economic Relations: "Reflections After the 'Black' Half-Year"]

[Text] The fact that dark clouds were gathering over Polish export to the East was known as early as 1987, when the economies of the former CEMA countries were indicating a steady downward trend. However, the mood of the producers and exporters to these markets, inspired by the final settlements of accounts in transferable rubles and trade-agreement quotas, continued to be quite good

until last year. The work done over the entire past year—fully in the open and in consultation with hundreds of producers and exporters—on the reconstruction of the principles and mechanisms of cooperation with postsocialist countries since 1 January 1991 aroused interest and a bit of excitement, but no nervousness or pessimism was felt.

### Collapse

Yet, already in the first quarter of this year and the entire past half-year, our economic potential, consisting of at least 130 plants producing goods for export to the Eastern markets, underwent a great upheaval. After five months export to the USSR totaled only \$200 million, and import amounted to \$720 million. The collapse was primarily in investment export—until recently our leading item, which totaled \$43 million. In this context, export of various goods—valued at 1 billion transferable rubles—by virtue of orders carried over from last year and carrying a final accounts-clearing date of 31 March 1991 was little consolation. There was a large drop in export to Czechoslovakia, Hungary, Bulgaria, and Romania. It was no wonder that the Polish exhibitors at the Poznan International Trade Fair looked dejected. The Soviet exhibitors, who displayed a “backpack” assortment of goods in a few tiny stalls, were not rejoicing either. To say nothing of the Romanian and Bulgarian exhibitors. However, the displays of Hungary and Czechoslovakia were quite good, although our neighbor from the other side of the Oder [River], the FRG, dominated over all of the fair displays. Their exhibits confirmed the classic thought of Adam Smith, that “for most wealthy people, the greatest pleasure derived from possession of wealth is through the display of it.”

### What Happened?

There are many people eager to answer that question. In the flood of ideas on this subject there are those who, in a deliberate attempt to cloud the issue, blame all of the misfortunes on the move from rubles to dollars. Well, I do not share this view, for two reasons.

First, if we accept as correct the statement that the present is the result of the past, then we should not forget about the dogmas that governed cooperation within the former CEMA for a couple of decades and brought it to collapse, while accounts were still being settled in rubles. I will mention only three of them: the dogma on dynamics and structure, the dogma of planned deliveries, and the dogma of “mutual benefits.” The dogma of the dynamics of deliveries imitated the process of intensification and the tightening of fraternal cooperation at any price. The dogma of structure—complementary to the previous one—cleverly covered up the deficiencies in quality, the modernity of the products, and the system of “creeping” prices. It was important in this structure that 80 percent of export is industrial products, and import is 70 percent raw materials. The dogma of planned deliveries meant that the central authority determined, in an

arbitrary way—such as food tickets or coupons—the amount and assortment of goods, means of payment, and pricing principles. The executor needed only to fulfill an “agreed-upon” order and rejoice in every little bit done over and above the wishes of the decisionmaker.

The “mutual benefits” dogma, written into trade agreements, covered up the imperfections of the system, the prices, the exchange rates, and the accounts-settlement unit, i.e., the transferable ruble.

Therefore, if the new system of trade, accounting, and prices, which was agreed upon with our partners, is to deviate from these (and other) dogmas—and cooperation is based on real currency, real currency exchange rates, and current world prices—then is this not a step in the right direction?

Just as every change, this one, too, is being made with resistance and accepted with resistance. It does not surprise me that those for whom the past or the present status quo brought or is bringing benefits are opposing the changes. But I am surprised at those who until recently were loudly outshouting each other that trade with the East is not profitable, are now saying that it was and is profitable. This is a sign of unprofessionalism or prejudice.

### Crisis and Differentiation of Reforms

I do not agree with the criticism directed at the new system of settling accounts with postsocialist countries because it does not give consideration to the deeper reasons for the difficulties in the application and implementation of its principles. There are two factors here which are indisputable.

First, the general economic crisis in countries of the former CEMA. It appears with varying intensity in particular countries, but it is an omnipresent phenomenon and expresses itself in a drop in materials production, national income, a growing foreign debt, and a growth in inflation and unemployment. For Polish exporters the most dangerous result is the breakdown of the investment processes on the Eastern markets, resulting in a drop in demand for machines and equipment. Equally dangerous is the decline in the partner's ability to pay, due to large indebtedness and the need to make installment payments on the principal and interest of credits.

Another factor is the asymmetry in the degree of advancement of economic reforms, especially in the USSR in relation to Poland, because where the direction of reform is close and implementation is advanced (e.g., in Hungary or Czechoslovakia), the move to accounts-settlement in free foreign exchange is relatively easy. The Soviet changes, including those made in foreign trade, at least until now did more to impede the development of mutual cooperation than to assist it. For example, the lack of clarity in the division of competence between the all-Union center and the republics on who should have control over large quantities of goods for export and the



foreign-exchange funds needed to cover the costs of import from Poland. There are many more reasons, but those already mentioned confirm the fact that when the difficulty of the applications process in the first half of this year is being assessed, consideration must be given to existing economic conditions without becoming absorbed in abstractions and cleverly hiding behind the shield of barren judgments.

#### What Are the Prospects for the Year?

There is at this time no reasonable premise on which to base an announcement that the second six months will be a period of significant growth in Polish export to the Eastern markets. The reasons cited are not of an incidental, random nature, but rather are of a structural nature, i.e., it will take a few years to surmount the difficulties standing in the way of market solutions. Of course, some "green lights" may appear on the road to larger trade turnovers, as, for example, the resolution passed late in June by the Office of the Ministers of the USSR on the relaxation of restrictions on barter transactions, but this will not involve billions of dollars, only millions. Despite the estimates that have been made by various ministries and institutions regarding the size of Poland's trade turnovers with the USSR, their common denominator is the thesis that 1991 will be the period of the deepest—in postwar history—collapse of Poland's trade with the former socialist countries.

According to my estimates, trade turnovers with the USSR may be 50 to 60 percent lower than last year's, and 30 to 40 percent lower with the remaining former CEMA countries. It should be noted here that the drop in Polish-Soviet turnovers this year does not differ from the estimates of this drop as regards USSR turnovers with other former socialist countries. According to reliable sources, USSR trade turnovers with Hungary may decline 50 percent, with Czechoslovakia 40 percent, and with Bulgaria 50 percent.

#### What Next?

The present is not just the result of the past—it is also the harbinger of the future. How can it be determined in today's often difficult-to-predict times? There are many opinions regarding Poland's economic cooperation with the USSR and other countries. The opinion generally prevails—which I share—that the Soviet market will be of great and even strategic importance for Poland. The reasoning is relatively simple: The Germans will be the main supplier of modern engineering and technology, and the USSR (regardless of whether in the all-Union or republic form) will be a market of sales for the entire gamut of Polish products and an important supplier of raw materials and semifinished products.

Regardless of the simplifications, USSR's place in Poland's foreign trade will be determined in the present five-year period by its continuously shrinking but important role as a supplier of fuel, raw materials, and semifinished products and processed goods, and its equally

shrinking role as a sales market for industrial goods, investment and market, and some farm-food raw materials and goods. The direction and speed at which economic reforms proceed, and the USSR's solvency, may be of vital importance.

However, I believe that we have to look at Poland's place on the Soviet market completely differently than we have heretofore.

First, this will be a very difficult market, especially for Polish exporters. This year the weaknesses of many of our producers and exporters were brutally revealed. Aside from a few assortments, we are neither a priority supplier, nor particularly sought, nor very attractive, in comparison with the foreign competition. The only remedy here is rapid modernization and restructuring of our production and export.

Second, huge exports of investment equipment for gigantic Soviet investments is out of the question. Either there will be no such investments in this five-year period or they will be taken over by affluent Western suppliers and creditors. All we can expect is subconsignments and subcontracts. We may have a chance in the smaller assortments, beginning with small tractors, milk and meat processing plants, machines and equipment for peasant farms, down to deliveries for small industry, crafts, and the area of services.

Third, mass export of farm crops is also out of the question. Large potato or grain transactions were possible in exceptional situations (as, for example, last year and this year), but the future will belong to processed products. From a broader perspective, Poland's place on the Soviet market and its participation in satisfying demand for market articles in the USSR will be determined by corporations and companies, including those that have ties with Western firms. This will apply to food processing, production of food, ready-to-wear, footwear, cosmetics, etc.

Fourth, taking Soviet developmental forecasts into consideration, in looking for a future on this large sales market we must look to the priority sectors of the Soviet economy, for example, the farm-industry sector, the municipal-social sector, the production of consumer goods, and modernization ventures, e.g., the metals industry, fisheries fleet, and fish processing.

Fifth, we must offensively and constructively establish economic ties with the republics. This process has been begun, but it should be accelerated.

Many of these actions require foreign assistance and capital and our own modest—because they are indeed modest—domestic resources. I am referring particularly to the enterprises which have undertaken, or want to undertake, the task of restructuring production and export.

I believe there is no sense in counting on "survival." The time has come for offensive action.

### Semiannual Economic Statistics Evaluated

91EP0644B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 24 Jul 91 p 1

[Article by Ada Kostrz-Kostecka: "The Economy in the First Half of the Year: An Accumulation of Negative Phenomena"]

[Text] The Central Office of Statistics has published data on the social-economic situation for the first half of this year. The full report of the Central Office of Statistics will be published in *Polish Statistics*, the annex to RZECZPOSPOLITA No. 29 of this year. We present below the most important figures, released at the press conference in the Central Office of Statistics on the 23rd of this month. "In the first half of this year, many negative factors came together. At least in regard to some of them, we can say now that they 'were'. In July, some trends began to reverse and this is encouraging," stated Krzysztof Lutostanski, deputy director of the Central Office of Statistics, at the press conference. The value of production sold during the first six months of this year decreased by 15.1 percent, as compared to the second half of the previous year, and by 9.4 percent compared to the first half of the previous year. In the second quarter, the daily average of value of production sold was 6 percent lower than that achieved in the first quarter of this year. This was caused by a decrease in domestic demand and by export. Production figures were worse only in the state sector; in the private sector they were better than a year ago. As a result, the contribution of the private sector to production sold increased from 17.4 percent to 19.4 percent, as compared to the second half of the previous year, and in building and assembly production, from 33.7 percent to 43.0 percent. In industry, the financial state of enterprises worsened as a result of an increase in costs of production and a decrease in production. Profitability of industry gradually decreased (in the January to May period, by 8.1 percent); the number of enterprises running at a loss increased to 28.4 percent. As a result, payments of income tax and dividends to the budget also decreased. This caused the deficit of the state budget to increase to 13 trillion zlotys at the end of the half-year period. The increase in prices which took place during the first six months of this year was significantly smaller than that in the previous year, with a distinct jump taking place in January caused by the limitation of subsidies and increase in prices, particularly of energy sources. Prices of goods and consumer services were higher by 39 percent over December in June. Prices of services and alcohol increased the most; prices of food increased the least. Because the increase in average wages was smaller in this period, the real average wage decreased in comparison with December, but still was higher than that in the first half of the previous year. The average monthly wage including payments from profits, in six basic sectors of the economy, during the first half of this year was 1,676,000 zlotys. On the other hand, the real value of pensions and retirement payments did not decrease; they were higher than those paid both in the first half and in

the second half of the previous year. Unemployment increased significantly by almost 40 percent compared with December. At the end of June, more than 1.5 million unemployed persons were registered. It was not easy to find a job through employment agencies; only about 220,000 people found employment that way. In the construction industry, 2.6 percent more apartments were built compared with the first half of the previous year. All the growth was achieved by housing cooperatives; in other forms of construction, the results recorded were worse than those in the previous year. The changes in international trade are significant. During the first six months of this year, exports decreased by 14 percent and imports increased by 11 percent as compared with the second half of 1990. Compared with the first half-year period [of last year], exports showed almost no change, while imports increased by 43.5 percent. But a substantial change in the method of accounting was introduced: Only 3.6 percent of exports and 2.4 percent of imports were still cleared in rubles. This is an effect of the change in accounting rules with former CEMA countries, and also a result of the reorientation in international trade for transactions with the EEC initiated in the last year. Exports to these countries, compared with data from the previous year, increased by 28.3 percent; to countries of the former CEMA, they decreased by 39.7 percent. Imports from former socialist countries decreased by 39 percent; imports from EEC countries increased by 104.5 percent. As estimated by the Central Office of Statistics, prices in exports increased by 9.6 percent in the first half of this year, compared with the analogous period of last year; in imports, prices increased by 32.4 percent. The effect of this was an unprofitable term of trade, which reached 82.8 percent; in transactions with the EEC, it was 97.4 percent; and with former CEMA countries (European only), 45.1 percent. Such terms of trade influenced the decay of the transaction balance in international trade by an estimated 7.5 trillion zlotys. At the same time, the negative balance in transactions is about 1 trillion zlotys; therefore, if not for the influence of disadvantageous prices, first of all in trade with countries of the former CEMA, we would have closed our first half-year period with a significant positive balance of transactions in international trade.

### Sluggish Reform Process in Military Explained

91EP0648A Gdansk TYGODNIK GDANSKI in Polish No 26, 30 Jun 91 p 3

[Interview with Colonel Stanislaw Dronicz, member of the Advisory Group on Army Reform in the Office of Deputy Minister of Defense Janusz Onyszkiewicz, by Wieslawa Kwiatkowska; place and date not given: "Contaminated Army"]

[Text] [Kwiatkowska] You are known for speaking frankly. So perhaps I will find out straight from you what is happening with our Army. Is this the same Army that was pitted against society and politically indoctrinated, or have some changes been effected in it as well?



[Dronicz] Have they been effected? I think that the person who blocked them was General Jaruzelski. He was president, head of the Armed Forces, he could therefore easily have instituted reforms and no one in Poland could have hindered him. There were no reforms. This constitutes evidence that as long as he stood at the head it was not possible to reform the Army. There is a new head of the Armed Forces—President Walesa. There is a new prime minister and only now are the conditions right for belated reform. The Army survived the effects of the contract entered into at the "roundtable" as an enclave of the communist system. The person who ordered the reforms in February of this year was Prime Minister Bielecki.

[Kwiatkowska] Only in February? I thought that this should be the first matter for the new government.

[Dronicz] Prime Minister Bielecki made the decision, and he appointed a reform group. The chairman of the commission is Minister Zabinski and the person working directly under it is Minister Onyszkiewicz. A new structure, unknown in the eastern camp, is arising in the defense department, at the head of which will stand a civilian political figure who will have three deputy ministers to help him, who in the future will also be civilians. The three deputy ministers will be the deputy minister for educational affairs (his role will lessen; the Army must undergo such a change so that education specialists will not be necessary); the deputy minister of defense policy, who will elaborate an entire defense policy in agreement with the parliament; the role of the third will be tied to everything connected to the infrastructure, the defense industry, and supplying the Army. Currently, there is not a sufficient number of civilians with military backgrounds. Consequently, these positions will be filled by military personnel who later will be gradually dismissed. In the course of a few years, after educating military personnel, we will conform to the Western countries. This is utterly at odds with the tradition of Central and Eastern Europe. So why is this being done? In order to separate the Army from politics. Completely.

A second factor influencing the shape of the reform is the Vienna agreement to limit the numbers in the military contingents in Europe. All the states declare that they have armies exclusively for defensive purposes, and consequently there soon must be fewer of them than there have been up until now. The weapons that determine impact—aircraft and tanks—must be reduced. We have obtained concrete limits that indicate that we have too much of everything—weapons and troops—by one third. According to the scheme of Minister Onyszkiewicz, only those who will go to war are to be in the new structures. They will fight and consequently there will be no place there for any administration or barracks builders or rest center commanders. Even hospitals do not have to be military. A uniform will command a high price. After the reformation, troops are to number 230,000 to 240,000 (currently there are 305,000); the

proportions for airplanes and tanks will be the same. There is to be one third less of everything.

[Kwiatkowska] That is how it is supposed to be. But there is an "enclave of the communist system." Why has a verification not been conducted? Why have officers responsible for crimes against the nation not been dismissed? Are Siwak, Kiszczak, Oliwa, and Baryla riding in official cars, still wearing their general's epaulets?

[Dronicz] Yes. This is a sort of moral tragedy because at the moment the Solidarity camp won, the Army was overlooked. A great deal of energy was found for reforming the police—I will not express my opinion on whether that is good or bad—but the cadre was verified. Everyone had the satisfaction of being interrogated. They could explain their past. In the Army this was not done.

[Kwiatkowska] Why was it not done? Who is to blame for this?

[Dronicz] It is difficult to point at one person. It is difficult to say whether Prime Minister Mazowiecki could have given such an order as long as General Jaruzelski was commander of the Armed Forces. But in the next few months the reform of the Army will be brought into being; however, no one among the leadership cadre has conducted a verification or even a review of the cadre. And this would not be at all difficult. It would require everyone to dedicate a little time, check a personnel folder, compare the past from various periods, and make a decision: Can this person stay in the Army or not? Above all, this concerns the leadership cadre. The Army cannot verify itself. At most it can shift people around: The military attache in Korea becomes the military attache to Greece. We all prepared ourselves for battle with NATO. The political and emotional dependence on the Soviet empire was so strong that people could not change themselves. I have in mind chiefly commissars and the architects of martial law, those who prepared martial law in cooperation with the leadership of the Soviet Army, keeping it secret from the nation. Kuklinski broke free, but the others remained.

Everyone has been converted now. The entire galaxy has moved to Jasna Gora—in official cars actually—but they are taking part in religious ceremonies and processions: Eighty of them even went to Lourdes. And these are those same people whom we know for their party activities, from the periods of the most orthodox struggle with the idea of Solidarity. If someone kneels, the church has the right to forgive that person, to believe that he is sincere; a politician must be careful.

[Kwiatkowska] They say that were a cut made from the top, were everyone above, for example, forty years dismissed, the problem would solve itself, the discredited would fall away.

[Dronicz] But who went to the Army after the Solidarity uprising? I do not suppose that anyone went because of patriotic impulses. The homo sovieticus-type went. He

went for an apartment, for good pay. Today they are already somewhere in the middle. They are waiting for the obviously discredited generals to be thrown out and then they will occupy even higher positions. Mechanical actions where the moral renewal of the Army for an independent country is at stake can prove to be very threatening in their consequences. The interdepartmental commission should conduct a review of the leadership cadre and identify persons who should not occupy positions and those who should because they are actually fit for them. The professional cadre in the Army is too large. Five or six have been trained for each position. Consequently, this is easy to do. It is difficult to bring someone before the court in a literal sense to send him into retirement without doing any harm, now that a year and a half has passed and nothing has been done to anyone.

[Kwiatkowska] Where are the education officers recruited from?

[Dronicz] The political apparatus was reduced from 5,000 to 2,500, but the entire political core remained. And they became education officers.

This is a moral slap in the face. Those who yesterday were indoctrinating, inculcating the communist idea, today are educating in the Catholic spirit. They converted in one night. Now they are checking to see who is not going to church, who was not confirmed, who did not have a church wedding. They are running to all the processions, they are marking out the limits of how many officers and how many noncommissioned officers should be at religious ceremonies.

[Kwiatkowska] I feel offended. Not even political officers could be removed from the Army?

[Dronicz] Prime Minister Mazowiecki appointed two deputy ministers, but he did not give either authorization in personnel matters. Consequently, they could not do anything because they did not have the right. The objections that they did not conduct a review are unjust. The dependence is explicit: The department of cadres is subordinate to the minister of national defense.

[Kwiatkowska] But why is it still happening that way? Why did Minister Komorowski keep the political apparatus and order them to educate "according to the new fashion?"

[Dronicz] I do not know.

[Kwiatkowska] Does the KOK [National Defense Committee] still exist?

[Dronicz] In principle it does not exist; in principle the Council for National Security exists. I say "in principle" because these are structural changes. Consequently they depend on parliamentary legislation. The Warsaw Pact has fallen and the KOK will go with it. But it has no significance anyway, because there are no connections

with the Russian empire through this channel because the head of the KOK is President Walesa, who was democratically elected.

[Kwiatkowska] It is well known that Poland is deeply—more deeply than in recent years—infiltrated by the KGB. Minister Majewski when asked about this in INTERPELACJE either did not know how to answer or did not want to. Can you?

[Dronicz] I am convinced that the moment when Poland is transforming itself is the best occasion for the Russian empire to introduce agents. They certainly also have people in our country who are sitting quietly now, but who will come to life under new conditions like bacteria. The network organized by the KGB certainly existed, and after all it has not ceased to exist. It has only grown quieter or changed its form of operation.

[Kwiatkowska] Are there Soviet influences in the Army?

[Dronicz] I have a right to suspect that people trained in the Soviet Union, particularly in aspects of intelligence and counterintelligence, can keep this to themselves. One should operate on the assumption that this is not really evidence of state treason, but they should get out of leadership positions.

[Kwiatkowska] What about the Soviet Army? Will they get out if they are asked nicely?

[Dronicz] They have no role. The numbers that are here are not protecting anything. They make up the remnant of the Warsaw Pact, which was prepared for battle with the NATO military. This means that their presence is dangerous for our country even externally. They could draw us into a whirl of events that we do not in the least desire. Moreover, as long as they are here, we cannot join NATO. However, their removal is not a simple matter. We bridled at Dubinin's statement that they will get out when they want to. Only then was it demonstrated that we have no way to remove them by force. We can only urge, ask, and make their stay more difficult.

[Kwiatkowska] Perhaps they have no intention of leaving at all.

[Dronicz] I do not have the slightest doubt: They want to stay. Only political conditions can force them to leave: pressure in every direction, appealing to world opinion, including through the UN. But I do not believe that it will move them when juveniles go to the barracks and start shouting. Russians are resistant to such actions.

[Kwiatkowska] That sounds terrible. We apparently live in an independent country but we cannot kick out the foreign army sitting on our land. Our own Army is trained for battle with NATO. You are saying that there will be reform, that the Army will be depoliticized. In what way, if there is no talk of verification? In what way is a cadre educated by the GRU [Soviet Army Intelligence] supposed to be depoliticized? You yourself said that the old ties can be revived just as happens with

bacteria. In case of a hypothetical war, a civilian minister will lead us to this. There is too much of something here.

[Dronicz] Neither the president as commander of the Armed Forces nor a civilian in a minister's position will be able to command in the event of war. The making of operational-tactical decisions will have to be in military hands. Historically, this was the hetman, later the commander in chief. In accordance with the new conception that person will most likely be the chief of the general staff....

[Kwiatkowska] Do not frighten me.

[Dronicz] We are not speaking of any name. The reform does not mention names. The chief of the general staff prepares the Army for war, and during war he will command it as commander in chief, but the staff will command his first deputy.

[Kwiatkowska] What is "Viritim"?

[Dronicz] It arose precisely because the Army had not been reformed. Restless spirits got together and decided to act in an organized manner. They intend to reform and verify the cadre. Minister Onyszkiewicz invited some of the people from "Viritim" to make reforms. Consequently, they should feel satisfied. However, as for

the verification of the cadre, that is another matter because there is no indication of it.

"Viritim" was closely united with the Center Accord, and consequently violated the principle of the Army's apolitical nature. Of course, I understand that they were seeking a protective umbrella, but the principle was broken. What would it lead to if one group of military personnel joined one party and another group joined another party? The communists would be equally justified in gathering somewhere, as they probably are.

Moreover, if in today's transformations the head of the Armed Forces is Lech Walesa, chosen in democratic elections, and they let it be known that they are a secret organization, then with respect to whom are they secret? Walesa? The prime minister? Society?

[Kwiatkowska] But that is evidence that nothing has changed.

[Dronicz] You are the one who said that.

P.S. On June 17 Prime Minister Bielecki made the decision to initiate reforms in the Army. Its content is to be made public during the first 10 days of July.

—W.K.

### Croatian Proposal on Serbian Autonomy Discussed

91BA1005A Belgrade NIN in Serbo-Croatian 9 Aug 91  
pp 16-17

[Article by Milan Becejic: "Rifles With a Rear-View Mirror"]

[Text] Knin is one place on Croatian Television's weather map where they do not give the figures on air temperature. In politics, as in the weather, one can only guess whether Knin is too hot or cold this August compared to Zagreb. A new measuring instrument devised within the Croatian parliament's Commission for Improvement of Interethnic Relations in Croatia is being promoted ever more loudly to establish the latter temperature, which for the present is more crucial. This is the document which proposes in great detail arrangements for local administration and home rule and territorial autonomy, whereby, for the first time during the year the new Croatian government has been in office, an attempt is made to accommodate the Serbs in Croatia. There is no doubt that the Croatian leadership stands behind these proposals, and at a moment when a ceasefire has been declared by both sides this gives the war in Croatia a new dimension.

Simultaneously with these initiatives, which are supposed to ensure peace in Croatia, the media coverage of the war is being stepped up, which is presumably in keeping with the recent formation of crisis command centers in the areas where the conflicts are fiercest. It is interesting that two such command centers—those for eastern Slavonia and Banija—are headed by Vladimir Seks and Ivan Bobetko, respectively, who belong to the flock of "hawks" and whom Croatian TV viewers can see in military uniforms standing in front of relief maps. In view of the fact that the extremist wing of the HDZ [Croatian Democratic Community] suffered a defeat in the recent parliamentary shuffle in which the Croatian government was reshaped, there is a dilemma as to whether their promotion of the war is only a political concession in an effort to dampen the rabid segment of the HDZ or whether the purpose of these crisis command centers and the restructuring of lines of defense are supposed to preserve the psychological component of combat readiness and thereby keep the chaos from deepening and faintheartedness from growing in Croatian units. The dimensions of disintegration of the order of battle is captured best by two jokes being told in Zagreb. The first is about adding to armament rifles a rear-view mirror for new volunteers so that they can protect themselves against poor marksmen in their own ranks, and the other is a riddle: "What kind of bullet-proof vests are selling for half price?"—to which the answer is: Those which protect only the back!

These jokes have convinced me that the good sense of humor at one's own expense has been preserved. Zagreb does not seem in the least like a city of depressed people, judging both by those who have stayed in it this summer

and are to be seen on the shore of the lake at Jarun and in the expensive little cafes, but also by those who have nevertheless gone to the sea, drawn there by the abnormally low prices on the Adriatic. The only way to reach Dalmatia (only Bobetko still refers to it as Southern Croatia) is via Rijeka, and from there one reaches the peaceful parts of the coast by "Jadrolinija," which has provided better connections. And while some citizens of Zagreb are happy to be able to spend their summer vacation in Opatija in mid-July for the first time, those who have remained in the Croatian capital are doomed to watching Croatian Television, on which everything is subordinated to war propaganda, where even those rare films and series that have not been canceled are unexpectedly interrupted by "new news" from the fronts. The propaganda is not omitted even in items concerning Croatia's oil industry—"we can give the Chetniks blood, but not oil"—ran the high-octane commentary of the Croatian TV newswoman. Friends tell me that they are nauseated by this kind of television, but in the newspapers they can find an assessment like this: "Nothing carried by Croatian TV can be worse than what is actually happening."

Croatian TV has also served the public an item which is indicative on several levels. Dr. Zvonimir Separovic, the new foreign minister, was interviewed by the BBC, and this interview was immediately followed by one with Lazar Macura, information minister of SAO [Serbian Autonomous Oblast] Krajina, whose purpose was clearly to satisfy the basic journalistic principle, which we have now forgotten long ago—to hear both sides. At a press conference in Zagreb which he had entirely to himself, Dr. Separovic fiercely attacked the BBC, referring to this incident, which was important because the reporter did not warn him in advance (!) that he would be followed by Macura. On that occasion, Dr. Separovic said that he would talk only with the Serbian foreign minister.

Separovic's "incident" really was an incident. At a moment when specific initiatives to resolve the status of the Serbs in Croatia were coming from Franjo Tudjman, presupposing above all discussion with representatives of the Serbs from Croatia (that is to say, with the top leadership of SAO Krajina), his closest collaborators were mindlessly playing down the importance of the initiative itself, transferring the negotiating mission to Serbia. Perhaps the purpose here is to cool off relations between Serbia and the Krajina, which is a completely futile idea.

### Artificial Dilemmas

At this point, we need to go back to the official Croatian "offer" to the Serbs, which is based on the clear and correct direction of interim political communication. Dr. Zvonko Lerotic, Tudjman's adviser, is probably the best-informed person to speak about these proposals: "The essence of the initiative is contained in several points. First of all, a specific constitutional law would set down the principles for realization of ethnic equality

through cultural autonomy and proportional representation of the Serbian nationality in the government. The principles and criteria would also be established to guarantee, through the forms of local government, fuller realization of the ethnic equality of the Serbian people. Going further, in establishment of the territorial organization of the republic, in addition to other criteria, the ethnic criterion also needs to be applied; independently of other criteria, it would make it possible to form various types of local home rule. This can be achieved by forming opstinas and kotars in certain areas where the Serbian population is in the majority or in substantial numbers and in areas like Baranja and Istria. The possibility should also be examined of forming parishes on the basis of those same criteria, as well as parishes with a special status (Kninska Krajina, Banija, Kordun, Istria, Baranja, and a portion of eastern Slavonia), that is, in those areas where this is necessary. In this, use should be made of the valid experience of the democratic West Europe countries when it comes to all powers in jurisprudence, the police, administration, schools, and culture."

#### **Tudjman's Traumas**

Dr. Lerotic does not think that this proposal has come too late, because "it is never late for peace," and the positions of all interested parties are now clearer. Nevertheless, this is an urgent matter, which Dr. Lerotic confirms in his statement for NIN in which he announces the first step of the Croatian parliamentary procedure, which is supposed to begin this very Friday (9 August) with a session of the competent parliamentary commission, and somewhere around 15 August we can expect the first parliamentary session on this topic.

There is no reason why this initiative should not be given the sanction of the parliament, above all because Dr. Tudjman himself stands behind it and because it represents "criticism of the Serbian collective consciousness and self-criticism of the Croatian collective consciousness." The fact is that this is the worst time for negotiations with the Serbs; however, it is clear to everyone that worse times are also possible. The fact that there is no letup in the preparation for fighting and in the statements from the top Croatian leadership only make it necessary in the equilibrium of fear to hold the same (belligerent) positions for negotiations with the Serbs. The dilemma still remains whether Tudjman himself (or anyone within his circle of power) is suitable for valid negotiations with the Serbs in Croatia. He is obviously still suffering from the traumas of last year's simulation of assassination attempts against him, which, so I have heard in Zagreb, has nothing to do with the Serbs, but originated with members of the former UDB [State Security Administration]. One remedy for that fear might be for Tudjman to go to Knin, which certainly would not represent any danger to him, because the people in the Krajina would probably interpret this as Tudjman's defeat. Controlling his own vanity is a paramount issue for Tudjman's survival in power, equal to the recent concessions to the opposition, whose inclusion

in the coalition government was an outright rescue of the top Croatian leader. Incidentally, after all the stupidities of his policy, Tudjman has a duty to go to Knin on behalf of the Croatia of which he has boasted.

One of the most important problems that will arise following the parliamentary procedure will certainly be the choice of negotiators among the Serbs. Will it be the Knin team? Will it be the Serbian intellectuals in Croatia? The question of establishing a bridge of confidence among the Serbs in Croatia themselves, so as to eliminate all accusations of some kind of betrayal of the nationality, of fawning loyalty or collaboration, is the basis for reestablishing political confidence between the Serbian people in Croatia and the top Croatian leadership. Without that, there can be no question of beginning the protracted therapy of all those who have destroyed their confidence among neighbors with war. The choice of negotiators might first of all run into a blind alley if the Serbs differ on the basis of the provincial-urban complex and if an artificial dilemma is intruded—Should the Serbian people in Croatia and its interests be defended in Zagreb (the large cities where most of the Serbs are) or in the Krajina?

This line of reflection leads to the observation that Croatia, which by an astute political maneuver has switched from the phase of attack to defense, can be defended only in Knin; in this context, the Serbs have to be given credit that this diplomatic turnaround occurred as a result of self-criticism, but also because of the tests of military conflict preceded by the unnecessary arrival of members of the MUP [Ministry of Internal Affairs] at police stations where the population is predominantly Serb, and it also has to be acknowledged in their favor that the referendum in Knin is just as legal as the one conducted by the Croatian leadership. It must be said that the panic over creation of some kind of expanded Serbia has to do with Croatia's attitude toward official Serbia, not toward the Serbian nationality in Croatia, whose need for ethnic identity and security has been subordinated to quarrels with Serbia. Only that kind of clearing away of the sediment of war and mistrust can justify the observation of a "catharsis of Croatian politics." Only then would it be possible to assert that someone like Sime Djodan has evolved when he says that it is better to have a federation than to be dead.

#### **Slovene Opposition Parties on Economic Problems** *91BA0964A Ljubljana NEODVISNI DNEVNIK* *in Slovene 26 Jul 91 p 5*

[Article by Alenka Brezovnik: "Government Lessons: the Opposition Parties' Conference on the Transition to the Economic System of the Independent State of Slovenia"]

[Text] Ljubljana, 26 July—The attendance at yesterday's conference on the Slovene economy, organized by the opposition parties—the Liberal-Democratic Party, the Social-Democratic Union of Slovenia, the Socialist Party



of Slovenia, and the Party of Democratic Renewal—was modest, to be sure, but after the opening speeches by Janez Kopac, Dr. Rade Bohinc, and Emil Milan Pintar, a productive discussion developed in which businessmen from all over Slovenia also participated.

The participants unanimously agreed that the Slovene economy was facing a new crossroads, and that the war did not cause the crisis, but rather only intensified it even more. Yugoslavia no longer exists (this was asserted by Dr. Joze Pucnik immediately after the declaration of independence): Politically, perhaps, it really does not, but economically it still does exist, and we would not be honest if we said that we did not need that market. The government will have to help exporters for at least the next three months. The rate of inflation should be constant, and optional clearing trade should be introduced with individual Yugoslav republics (opinions on this were divided). According to Janez Kopac, we ought to lure out the foreign exchange that the population is keeping at home, increase indirect taxes, and hamper imports by means of the exchange rate. We would thus at least keep the poverty that we have already had.

Many other participants in the discussion were alarmed by the government's actions. At this time, in fact, it is coming forward with systemic solutions that we do not need now: the elimination of socialized enterprises and the privatization of socialized housing, denationalization, the reorganization of economic public services, and the reorganization of the Public Auditing Service. It is necessary to prepare for this, of course, but we should not overlook the fact that at this time we do not have our own banks or agencies for insuring export deals. We ought to reduce the "Yugoslav risk" of foreign producers and foreign importers through more stable economic legislation. We ought to regulate payment transactions with the rest of Yugoslavia because the Slovene economy is very fragile at this time.

Up until now, Slovenia has had privileged access to the Yugoslav market [Emil Milan Pintar], but it is being closed off. While the state is expecting great sacrifices from the economy and the population, two projects for expanding the republic administration have already been prepared. The state must first of all ensure the conditions for the economy, and secondarily develop the mechanisms of a civil society. One could also hear considerable criticism [Viktor Zakelj] of the fact that our diplomacy has allegedly already achieved something politically, to be sure, but nothing economically, since not a single neighboring country is prepared to reach into its own pocket to finance our exports. To the extent that the government has dealt with the economy at all so far, it has dealt primarily with the sick tissue, but the present crisis has only multiplied the sick cells. The economic war should be internationalized more. We could easily copy economic legislation from Western legislation. A lot of foreign exchange could be pulled out of socks, of course, through the "heretical" proposal that "support" in the exchange should vary according to supply and demand, and that the banks should reinstitute foreign

exchange savings for citizens, from whom enterprises could borrow money and also repay it in foreign exchange.

Franci Jamsek thinks that the republic budget ought to be under control because no one knows what the issuing of bonds means. Many people are glad that we have an exchange, but that is merely a game in which someone will get burned. He proposed political marketing five years ago, but no one listened to him. Just as people succeeded during the war in convincing the Slovenes that they had won and the Serbs that they had lost, we also have to act that way in economic marketing. The government should be told decisively that the lessons are over and that it has to do everything that it promised a year and a half ago, but did not do by 25 June. Marko Bezjak, for instance, proposed that in the Economic Chamber or some other forum they ought to prepare a survival program, economic starting points in Yugoslavia, and negotiating positions, and offer them to the government. At present the economy does not even know what laws and principles it is supposed to follow.

[Box, p 5]

#### **Nationalization of Steelworks a Mistake?**

In mid-March, the state nationalized Slovene steelworks that employ 15,000 workers. It announced two phases of changes—in property and capitalization. Minister of Industry Izidor Rije took over management of them. As Dusan Semolic stated, the problems are accumulating dangerously and there really is no longer any reason for hesitation. There is a growing feeling in the government that it made a mistake when it nationalized the steelworks instead of keeping its hands off the metallurgical industry. The fact is that the steelworks cannot survive without a financial injection, and that will have to be provided by the government, since foreign investment is not possible. The departure of the most competent people should be halted, and it is intolerable to have acting officers in responsible positions.

#### **Slovene Economy Struggles for Survival**

91BA0964C Ljubljana NEODVISNI DNEVNIK  
in Slovene 25 Jul 91 p 4

[Article by Marjan Lacic: "The Struggle for Economic Survival"—first paragraph is NEODVISNI DNEVNIK introduction]

[Text] The board of directors of the GZS [Slovene Economic Chamber] has discussed the postwar difficulties of the Slovene economy; the key issue is continuing exports and obtaining foreign credits.

Ljubljana, 25 July—In the opinion of the board of directors of the Slovene Economic Chamber, ensuring foreign credits and establishing new possibilities for exporting our products abroad and taking steps to continue economic cooperation in the Yugoslav market are the most important tasks that have to be carried out for



the survival and existence of the Slovene economy. Because of the war, the economy has found itself in a situation in which it is necessary to urgently prepare a program for solving the economic problems. Otherwise, GZS President Feri Horvat emphasized at yesterday's meeting of the GZS board of directors, the Slovene people will not be able to fulfill the decisions adopted in the plebiscite.

Yesterday's meeting of the GZS board of directors was also attended by Andrej Ocvirk, the Slovene deputy prime minister, who commented on certain current economic problems. First of all, he said that the Slovene government had warned the republic and Federal governments about illegal confiscations of Slovene property in other republics, but had not had major success, since local authorities are mostly not obeying the central governments. "Possible countermeasures will have to be agreed upon in the Chamber," Ocvirk stated, "and until then, try to save as much property as possible."

The Slovene deputy prime minister also stated that Slovenia's expulsion from the monetary system, contrary to the resolution by the Federal Executive Council, was not causing major difficulties at this time. For the economy to function it is now necessary, above all, to ensure foreign financing and to ensure payments abroad. In this regard, the exchange rate is crucial—the present higher exchange rate is temporary, until the EDP [registered foreign exchange positions] have market value. In the long term, for all types of foreign exchange transactions, it will be necessary to establish a realistic exchange rate, which, as we heard in the discussion, is currently between 21 and 24 dinars for a German mark.

Andrej Ocvirk also spoke about the war damage, and in this regard said that the government would propose a 2.5-percent contribution from wages to cover the direct war damage. Otherwise, the government does not foresee major changes in the area of wages, since it would be rather counterproductive to freeze wages because of the low standard of living. Consequently, the tax system will have to play a bigger role. According to Ocvirk, the damage that we have suffered in tourism is to be compensated for by reducing prices and attracting domestic tourists.

At yesterday's meeting, the GZS board of directors also spoke about transformation of the ownership of enterprises and denationalization. Veljko Bole warned in this regard that the privatization and denationalization laws should not be implemented while the economy is struggling for existence and survival. In the long run, of course, private property is an essential matter, but now, according to Bole, privatization would cause chaos and damage that would be substantially higher than the present war damage.

The GZS board of directors also expressed a great deal of criticism of privatization. The proposed model for restructuring ownership is based primarily on universal distribution, and does not sufficiently take into account

the motives and interests of the future owners. The law is primarily setting up an administrative mechanism in which the state, during the privatization process, will assume the role of owner to a considerable extent. Certain solutions in the law are also formulated too arbitrarily.

### **Slovene Banking System Still Solvent**

*91BA0964B Ljubljana DELO in Slovene 26 Jul 91 p 3*

[Article by Miha Jenko: "Slovene Banks Solvent, but National Bank of Yugoslavia Blockade Still Continuing"—first paragraph is DELO introduction]

[Text] Board of directors of the Association of Slovene Banks: The Slovene banking system is still part of the unified Yugoslav monetary system; loans for exports.

Ljubljana, 25 Jul—During the period when the National Bank of Yugoslavia [NBJ] instituted the blockade against Slovenia and Croatia that is still continuing, the Bank of Slovenia approved about 1.3 billion in solvency loans for Slovene banks by 23 July. This ensured satisfactory solvency for the Slovene banking system, as was stated at today's meeting of the board of directors of the Association of Slovene Banks.

The Slovene banking system is now operating in complex legal and institutional conditions. A law on banks and savings banks and a law on the Bank of Slovenia have been passed; Article 93 of the latter specifies that until the adoption of appropriate Slovene banking regulations, the Slovene banking system is still part of the unified Yugoslav monetary system. It was stated in the discussion that according to a resolution by the NBJ's council of governors, Slovenia has been expelled from that system, but it is not conducting an independent monetary policy. In ensuring the daily solvency of Slovene banks by means of solvency loans, it is merely implementing the NBJ's measures, which in any case apply to all Yugoslav banks. As was stated in the discussion, the Bank of Slovenia will also respect NBJ measures in the future, but on the other hand, the NBJ council of governors will not respect the assurances of the Slovene authorities and the provisions of the law on the Bank of Slovenia that during the transitional period the Slovene banking system will remain an integral part of the unified Yugoslav monetary system.

As stated by a representative of the Bank of Slovenia, the NBJ has already adopted a resolution that 10 billion dinars are to be allocated for buying wheat during the third quarter. Of that amount, 200-300 million dinars is to be spent in our republic, according to the Bank of Slovenia's estimate. In the NBJ's opinion, monetary flows should be regulated in the third quarter with an unchanged level of mandatory reserves, but the conditions for the use of solvency loans are expected to be worse. The Slovene banks' mandatory reserves at the NBJ amount to 2.2 billion dinars.

Stane Valant emphasized in the discussion that the claims that the banks unjustifiably raised interest rates on dinar loans without a foreign exchange clause were not valid, since with the current 220-percent annual inflation rate, those interest rates are actually profoundly negative. He also said that the problem of citizens' foreign exchange deposits in savings banks, and the associated problem of public debt, should be settled after talks with the competent ministers. According to him, most of the banks that are using solvency loans have adopted a decision that they will use that money to finance exports by Slovene enterprises under more favorable terms. The board of directors also decided that there were no grounds for suspending the officials at Slovene business banks who paid interest on NBJ funds to the Bank of Slovenia instead of the NBJ.

The bankers decided that they would soon prepare a banking code that would also deal with the formation of a court of arbitration. They will establish a special publication in several languages to describe Slovene banks and the banking system.

#### **Slovene Opposition on Privatization Draft Law**

*91BA0964D Ljubljana DELO in Slovene 24 Jul 91 p 3*

[Article by Silva Ceh: "Law Detrimental to the Economy"—first paragraph is DELO introduction]

[Text] Slovene shadow government: Current draft privatization law is worse than Mencinger's—social property, only somewhat different.

Ljubljana, 23 July—The government, as we also heard at today's conference of the shadow government, is trying to bring the law on transformation of the ownership of enterprises before the Assembly for discussion and adoption as early as 21 August; and that is a law that is not a logical successor to the draft law on the privatization of enterprises that was already confirmed by the Assembly. Above all, therefore, it seems to be a law that is supposed to help the Slovene state obtain the money to pay denationalization claims; a law that will not build a successful economic system, but instead will make it possible to seize control of enterprises; and a law that will ruin the economy instead of acting as a stimulus.

That is approximately how Emil Milan Pintar, toward the end of the discussion, characterized the draft law on transformation of the ownership of enterprises that had been offered. In any case, most of the participants in the discussion agreed that the current draft privatization law is worse than Mencinger's (i.e., the draft confirmed by the Assembly), although the latter was never praised too much, either.

One of the central criticisms is certainly the fact that the law on the transformation of ownership is not accompanied by any laws that will regulate investment funds, which are a fundamental innovation in the new draft

law. That mistake by those who prepared the law was also freely admitted by Boris Pleskovic, a Slovene government adviser.

Regardless of that, however, the discussion showed great doubts about these funds. They will be formed from the state outward, and not in the same way as elsewhere in the world, where they are established by the owners of the shares. Others thought that the investment funds represent a certain amount of progress in our privatization legislation. Their genesis is controversial, however. Furthermore, the law was criticized for frequently referring to laws that do not exist, and for giving the agencies and funds already established such broad powers that they simply will not be able to handle them.

Aside from the numerous criticisms, which Pleskovic also described in the end as often constructive, doubt was constantly reiterated about whether the legislator had asked the question of what the purpose of ownership restructuring really was. The law, as it is, only provides for social property in a different form. Where did the legislator get the standards for dividing enterprises into small, medium, and large ones? Why was the purchase of shares by workers not given as a possibility at large enterprises as well? Why has the possibility of the free distribution of some shares to employees been completely eliminated? It was noted that the fund does not have any obligations concerning when it will transfer the property that has been transferred to it to other funds. It is likewise completely unclear how the losses of enterprises transferred to the fund will be covered; will this be resolved by the budget? And so forth.

The biggest thing that could be achieved in denationalization, as Pleskovic stated, among other things is not having repayment in kind for large enterprises. By establishing investment funds and companies, Pleskovic said, the legislator actually wanted to establish the model of ownership that is usual in the West.

It seems that confidence in these funds did not increase too much at today's conference—certainly not as much as the fear that foreigners will also get social capital at 50 percent of the price established for Slovene citizens.

#### **Three Draft Laws Sent to Slovene Parliament**

*91BA0964E Ljubljana NEODVISNI DNEVNIK in Slovene 17 Jul 91 p 5*

[Article by Marjan Lacic: "Privatization by Size"]

[Text] Ljubljana, 17 July—The laws on transforming the ownership of enterprises (privatization), denationalization, and cooperatives caused a great deal of uproar on the Slovene political scene some time ago. Yesterday, the republic government formulated the drafts of these laws and sent them to the Assembly. Since these are three fundamental laws which will have a fundamental effect upon social life, we can still expect a great deal of discussion in the Assembly. Certainly, the observation

stated yesterday by Minister of Justice and Administration Rajko Pirnat with respect to the law on denationalization, that undoubtedly no one will be satisfied with it, applies to all three of them.

The draft law on privatization has experienced the most changes since the previous phase of the legislative process; the present draft was actually prepared on a completely new basis. The essence of the law is a division of enterprises into large, medium, and small ones, and the privatization procedure also depends upon that division. In the privatization procedure, the law takes into account the interests of the former owners, but it also protects the interests of entrepreneurs, according to Minister of Planning Igor Umek. In any case, the large enterprises are considered to be all those that had more than 500 employees at the end of last year, and the medium ones all those that had more than 125 employees.

Enterprises with fewer than 125 employees are small enterprises. Large enterprises will have to be converted into stock companies within 60 days after the law goes into effect. Medium and small enterprises will do so within one year, transferring to the republic fund from 30 to 50 percent of all shares issued for the existing social capital, and selling the rest to workers or someone else. In this regard, it is also worth mentioning that the republic Development Fund will turn over 15 percent of the shares obtained from each enterprise to the Slovene indemnity fund, 20 percent to the newly established pension funds, and 35 percent of all shares collected to the newly established investment companies.

Denationalization is closely linked to the privatization process; the law that regulates it, according to Minister Rajko Pirnat, was developed in close cooperation with the Association of Dispossessed Owners. A compromise has been reached on most of the disputed issues, and the

dispossessed owners have dropped some radical demands, such as, for instance, the return of lost profits. They likewise agreed that the dismantling of large agricultural combines cannot be carried out overnight. The principle of functionality thus prevailed with respect to the restoration of agricultural land and also other real estate—the property is being returned to the former owners in kind, but only to their ownership and not their possession where this would jeopardize the economic utilization of the property. The indemnity fund will also be of assistance in covering the compensation, which will be paid in bonds. Regarding the draft law on denationalization, Minister Pirnat emphasized that the confiscated property will be returned in individual, i.e., complex and long procedures, with maximum respect for legal order.

According to Minister for Agriculture Joze Osterc, denationalization is also the key point in the law on cooperatives, although only in the sense of restoring cooperative property. If those with valid cooperative rights so desire, agricultural-processing enterprises will be privatized in accordance with the law on cooperatives. Otherwise, the law on cooperatives is based on the classic cooperative system, which was developed here before World War II, as it is recognized in Central European countries.

[Box, p 5]

#### **Priorities for Overcoming the War Damage**

Yesterday the republic government adopted a draft of the priorities for immediately overcoming the war damage, which the commission estimates to be 102 billion dinars. There are seven priorities: The first is destroyed or damaged housing, which must be made suitable for habitation; the second group includes vehicles intended for economic activity, and the third includes the vehicles that were destroyed in barricades.

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